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V. 3064

No. 15,881

IN THE

**United States Court of Appeals
For the Ninth Circuit**

HUGH BRYSON,

Appellant,

VS.

UNITED STATES OF AMERICA,

Appellee.

BRIEF FOR APPELLEE.

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No. 15,881

IN THE

**United States Court of Appeals
For the Ninth Circuit**

HUGH BRYSON,

Appellant,

VS.

UNITED STATES OF AMERICA,

Appellee.

BRIEF FOR APPELLEE.

JURISDICTION.

Jurisdiction is invoked under Section 1001, Rule 35 of the Federal Rules of Criminal Procedure and 28 U.S.C. 1291 and 1294 (1). In our opinion no jurisdiction exists for entertaining this appeal, since a denial of the motion under Rule 35 is not an appealable order. Arguments directed to this proposition will be covered in the brief which follows.

STATEMENT OF THE CASE.

Appellant was convicted of a violation of Section 1001 Title 18 U.S.C. for falsely swearing that he was not affiliated with the Communist Party in an affi-

davit filed with the National Labor Relations Board. He was sentenced to a term of 5 years on this count. Appeal was then taken to this Court and the judgment of conviction was confirmed. 238 F.2d 657. Certiorari was sought and denied. 355 U.S. 817. No contention was made in the original appeal that the sentence imposed was in violation of the statutes or the Constitution of the United States. Error was only assigned with respect to the trial itself. No contention was then made that a 5 year sentence was "cruel and unusual punishment." After the mandate of the Court of Appeals was filed in the District Court, a motion was made to modify appellant's sentence under Rule 35 of the Federal Rules of Criminal Procedure. No contention was made in this motion or in the affidavit which accompanied it that the sentence was in excess of the maximum authorized by statute, or that it constituted cruel and unusual punishment, or that it was an illegal sentence. The motion to modify sentence was denied. Appeal was taken from the order denying relief under Rule 35 of the Federal Rules of Criminal Procedure. Two so-called Statements of Points on Appeal were filed, one on January 15, 1958 (TR 24-25), and one on June 21, 1958. In the first Statement of Points no claim was made that the sentence imposed was contrary to law or that the sentence constituted cruel and unusual punishment in violation of the Constitution of the United States. Claim that the sentence was imposed in violation of law and the Constitution and that it constituted cruel and unusual punishment contrary to the 8th Amend-

ment was raised for the first time after proceedings had been commenced in the Court of Appeals to dismiss this appeal on the ground it was not appealable.

QUESTIONS PRESENTED.

1. Is a denial of a motion to modify sentence reviewable?
 2. Did the Court abuse its discretion?
 3. Is a 5 year sentence cruel and inhuman punishment contrary to the 8th Amendment?
-

ARGUMENT.

I. THE DECISION DENYING MODIFICATION OF SENTENCE IS NOT REVIEWABLE.¹

This case involves an appeal from a decision of the District Court denying a motion to reduce sentence under Rule 35 of the Federal Rules of Criminal Procedure. No contention was made in the District Court that appellant received an illegal sentence. No contention was made there that the sentence violated any statute of the United States nor the Constitution of the United States. In particular, no contention was made in the District Court that the 5 year sentence concerning which the motion to modify was made constitutes "cruel and unusual punishment," nor that

¹This question was raised by a preliminary motion, but we feel the decision on that motion merely indicated a desire to dispose of the question when the whole case was before the Court.

the procedure of the Court violated procedural due process of law.

In 1937 this Court in the case of *Benson v. United States*, 93 F.2d 749 (9th Cir.) held that a motion to vacate sentence is not an appealable order. In this case the defendants were sentenced after a plea of guilty to a term of 2 years. Later an application was made to vacate the sentence on a number of statutory and constitutional grounds. After reviewing the predecessor statute to Section 1291 of Title 28 United States Code respecting "final decisions" of the District Courts, the Court then stated, "It is conclusively settled that a ruling upon a motion to vacate a judgment, made in the same term and the same cause in which the challenged judgment is entered, is not an appealable order. *Connor v. Peugh's Lessee*, 18 How. 394, 395, 15 L.Ed. 432; *Phillips v. Negley*, 117 U.S. 665, 6 S.Ct. 901, 29 L.Ed. 1013; *Hume v. Bowie*, 148 U.S. 245, 255, 13 S.Ct. 582, 37 L.Ed. 438; *Stevirmac Oil Co. v. Dittman*, 245 U.S. 210, 214, 38 S.Ct. 116, 62 L.Ed. 248; *Smith v. United States*, (7th Cir.), 52 F.2d 848, and cases cited; *Board of Supervisors v. Knickerbocker Ice Co.*, (2nd Cir.), 80 F.2d 248, 250; *Republic Supply Co. v. Richfield Oil Co.*, (9th Cir.), 74 F.2d 909, 910, and cases cited."

The particular situation which was involved in the *Benson* case has been corrected by the enactment of Section 2255 of Title 28 United States Code, which provides for appeal when an illegality attaches to the sentence itself. It would appear, however, that the general rule announced in the *Benson* case still ap-

plies with respect to those matters not covered by Section 2255.

In *Biren v. United States*, 202 F.2d 440 (9th Cir.), the appellant there was sentenced to a term of 5 years after a plea of guilty. Thereafter he moved to modify the sentence. This Court dismissed the appeal stating that "Appeal is dismissed: (1) Because that order was not a final decision within the meaning of 28 U.S.C. (a), Section 1291, and was not appealable..." The *Biren* case also is a holding by this Court that motions to modify on the grounds that sentence is excessive and not on the ground that the sentence is in excess of the maximum prescribed by law is not an appealable order. It is, of course, hornbook law that an ancillary motion does not become appealable merely because there are no further proceedings available in the District Court. In a criminal case, for most purposes, the only "final decision" is the judgment of conviction.

In the recent case of *Flores v. United States*, 238 F.2d 758 (9th Cir.) this Court was faced with an appeal from a denial of a motion under Rule 35 of the Federal Rules of Criminal Procedure. The sentences were 30 and 20 years. The Court stated that neither a letter from the appellant nor the motion filed by his counsel invoked Section 2255 Title 28 United States Code. The only formal appeal which was before the Court was an appeal from a denial of a motion under Rule 35. No contention was made in the Trial Court that the sentences were illegal. Flores was complaining merely of what in his view was the

over-severity of the sentences, in view of the nature of the offense.

This Court was, therefore, squarely presented with a question of whether or not a decision under Rule 35 was an appealable order. The Court considered this case not under Rule 35, but under Section 2255 of Title 28 United States Code. There is no escape from the conclusion that the Court regarded and held that there was no appeal possible from the Court's decision under Rule 35.

No conceivable difference can be found in the situation present in the instant case and that involved in *Flores v. United States*, except that Flores received a longer sentence. This Court stated in the *Flores* case, referring to the contention made that the sentences were too severe, "In their motions for reduction of sentence appellants presented general considerations which, in their view, should lead the trial judge to modify the sentences. No contention was made, however, that the sentences were in excess of those authorized by statute or that they imposed cruel and unusual punishment contrary to the 8th Amendment or that the judgments were in any other respects void.

"The motions which were considered and denied were, therefore, addressed solely to the discretion of the trial judge. This Court has no control over a sentence which is within the limits allowed by statute." At page 759. (The Court held these questions could not be raised for the first time on appeal.)

Mr. Bryson also did not complain that his sentence was in excess of that authorized by statute or that it constituted cruel and unusual punishment or that the judgments were void in the District Court. In no respect, therefore, can it be said that Mr. Bryson's situation differs from Mr. Flores, with respect to the contentions advanced by him below.

In *Kimbaugh v. United States*, 199 F.2d 453 (5th Cir. 1952), the Fifth Circuit expressly stated that a refusal to reduce sentence under Rule 35 is not appealable. Diligent examination has failed to discover any case in any circuit, or the Supreme Court of the United States, where a motion under Rule 35 of the Federal Rules of Criminal Procedure to reduce sentence has ever been considered on appeal.

Such a holding would be a novelty which would have serious consequences for both this Court's calendar and for the delicate relationship of jurisdiction between trial and appellate courts. As far as we can discover, the discretion of the trial court to refuse to modify a concededly legal sentence has never been challenged by any United States Court.

Here admittedly the motion made was addressed to Judge Mathes's discretion. There is no contention that Judge Mathes failed to entertain the motion addressed to his discretion. There is merely the contention that he should have come to a different conclusion from that which he did. Judge Mathes nowhere stated that he lacked the power to grant the motion to modify—he simply indicated that in his discretion his decision was not to modify.

This case concerns a usual motion made in criminal cases; one might almost say the invariable motion made after sentence. By deciding that the order is appealable this Court would invite a veritable flood of appeals from any defendant who feels the sentence he has received is too great. We know of few cases in which any defendant who has received a sentence of imprisonment has not believed that the sentence should be reduced and that the Court abused its discretion in not granting modification. It is not in the nature of human beings to believe that any jail sentence they receive is proper.

Almost every criminal case which this Court decides, would involve a second and subsidiary appeal after the mandate to test the question whether the Court abused its discretion in failing to modify the sentence previously imposed. Furthermore, the Court would be faced with hundreds of other appeals whose only point is that the Judge should have modified the previously imposed sentence because of some change of circumstance occurring since conviction which makes the sentence in some way harder to bear. Implicit also is the proposition that a Court of Appeals can govern the length of a sentence concededly within the maximum. If the Court can take cognizance of an appeal from a refusal to modify a previously unchallenged sentence, *a fortiori* the length of the sentence can be challenged on appeal from the sentence itself. If appealable at all, the length of a sentence must be gone into in every case now before or which hereafter may be before the Court.

We intend hereafter to show that the power to review sentences was not granted in Section 1291 of Title 28 but we submit to the Court that it is unequipped to rule on such a question even under some strained interpretation which would allow it statutory authority. This Court has neither a probation officer nor a defendant present before it. It did not have the opportunity to personally observe the evidence as it unfolded during the trial. The Court of Appeals in the nature of things is more concerned with the working out of legal rules than with the day to day fixing of punishment. Each defendant is an individual case when it comes to imposing sentence. His hopes and fears and the interest of society in protection from his depredations cannot be satisfied by legalistic formulæ nor on the basis of a cold printed or typewritten record of proceedings.

Nor can it be said that review of a refusal to reduce sentence does not involve the sentencing process. By saying that a sentence is too severe the Court does not escape the responsibility and the practical effect of resentencing. This Court must, if it assumes that responsibility, decide how much is too much. More than that, the Court must decide in a case where no change of circumstance has been alleged that a Court is required to change its decision. It must, therefore, not only fit the judgment to the particular defendant in the first instance, but decide whether or not events of both a nature personal to the defendant and changes in general conditions require a new and different judgment.

We do not anticipate that the Court will desire in many cases to change the judgment at the time of sentencing or at the time of motions to modify from that imposed by the District Court. We do not see, however, how, granting the appealability of these orders of the District Court, this Court can evade the responsibility of examining each and every sentence which is appealed to it. Furthermore, we cannot see how this process can lead other than to a diminution of the prior authority of the District Court.

Carried to its logical conclusion—what such a decision means practically is that a defendant will be sentenced once by the District Court, once by the Court of Appeals, once by the Supreme Court of the United States and possibly around and around again. We realize that this system of sentencing is a possible one; we submit, however, it is not the system of criminal law which was established by Congress and the Constitution, nor is it desirable.

II. "A DENIAL OF A MOTION TO MODIFY IS NOT A FINAL DECISION" UNDER SECTION 1291, TITLE 28 UNITED STATES CODE.

The most obvious analogy to a motion to modify a judgment in a criminal case is a motion to modify a judgment or finding in a civil case. The 8th Circuit in *United States v. Nuschang*, 156 F.2d 196 (8th Cir.), in a well-reasoned opinion discussed this question. In the 8th Circuit's opinion the function of a motion for modification or for a rehearing in a civil

case is merely to afford the Trial Court an opportunity to reconsider action already taken. The appeal is not from the denial of such a motion but from the underlying judgment challenged by the motion.

Both the civil and the criminal rules contemplated a motion for a new trial, or for reconsideration of action taken by the Trial Court having the effect of extending the time for appeal from the judgment sought to be effected until final disposition of the motion. As the Court stated, "This does not mean, however, that an order disposing of such a motion is an appealable order or that an appeal from it brings up for review the question of the legality of the judgment." Simply stated, the provisions for modification are simply an opportunity given by the law to afford a Trial Court an opportunity to re-examine its conclusions. If those conclusions were wrong it is the function of the appeal from the judgment itself to say so. A refusal to modify cannot affect the validity of an action which was proper in the first instance. In effect all the Judge can say is that I adhere to my former determination. If that determination was right then the manner in which the Court says, "No, I will not reconsider it," should have no effect whatsoever.

This Court considered this problem in *Libby McNeil and Libby v. Alaska Industrial Board*, 215 F.2d 781 (9th Cir.). In that case the appellant appealed from a motion denying a new trial. This Court held "An order denying a motion for a new trial is not the kind of 'final decision' contemplated by the stat-

ute (28 U.S.C. 1291).” The Court thereupon dismissed the appeal despite the fact that no appeal was taken from the underlying decision on which a motion for a new trial was made. As this Court stated in another case involving *Libby Company—Libby McNeil and Libby v. Malmseald*, 115 F.2d 786 (9th Cir.), “The fact that the order refusing a new trial may be an abuse of discretion which would justify its consideration by Appellate Court does not make the order itself appealable. The review must be incident to appeal from an Appeal Board, such as the final judgment.” The final order in a criminal case is the judgment of conviction. *Benson v. United States*, *supra*. No reason has been shown in this case why any questions dealing with the length of appellants’ sentence could not have been dealt with at the time of that appeal.

Another situation which comes readily to mind is that involving the granting of probation. A revocation of probation, of course, involves different considerations from those in a reconsideration of sentence. A revocation of probation can only take place when a defendant has failed to meet some of the conditions of the probation. Title 18 U.S.C. Section 3653. Revocation of probation involves the judicial establishment of facts; while not a formal procedure, it nevertheless contemplates some sort of hearing. The granting of probation, however, is entirely within the province of the District Court and this Court has held that the exercise of the power of the District Court cannot be questioned on appeal. *Elder v. United*

States, 142 F.2d 199 (9th Cir.), see also *Burr v. United States*, 86 F.2d 502 (7th Cir.); *Evans v. District Judge*, 12 F.2d 64, 65 (6th Cir.). As the Supreme Court stated in *Burns v. United States*, 287 U.S. 216, "Probation is thus conferred as a privilege and cannot be demanded as a right. It is a matter of favor, not of contract. There is no requirement that it must be granted on a specified showing. The defendant stands convicted; he faces punishment and cannot insist on terms or strike a bargain." At page 220.

The granting of probation is thus one of those areas of authority on the part of the District Court which has not been given by Congress to the Court of Appeals. A failure to grant probation cannot be the subject of an appeal, since the matter lies entirely within the discretion of the Trial Court. Matters entirely within the discretion of a Trial Court cannot be made the basis of appeal. *United States v. Rio Grande Dam and Irrigation Company*, 184 U.S. 416.

A refusal to grant probation is analogous to a refusal to change the terms of a previously pronounced sentence. In both cases what is involved is an act of grace on the part of the Trial Court. As the Court stated in the *Burns* case, "It is a matter of favor, not of contract. There is no requirement that it must be granted on a specified showing."

Reasonable minds may differ on the sentences which should be imposed in a specific case. Under the Uniform Code of Military Justice it is possible for the reviewing authorities to reduce a sentence. Article

666 of the Act of May 5, 1950, 64 Stat. 108, 50 U.S.C. Chapter 22. No comparable authority has been granted to Federal Appellate Courts. It is too clear to require much argument that by determining whether a Court has abused its discretion in refusing to reduce a sentence an Appellate Court is actually instructing the Trial Court what sentence it should in fact impose.

The sentence in this case was 5 years. If review is had the Court must at least answer by how many years the Trial Court abused its discretion. That is to say, the Court must state whether 4 years or 3, or possibly even 2 constituted a sentence within the Court's discretion to refuse to modify.

As a matter of simple logic, there seems to be no reason, if this Court can determine how much is a proper sentence, why it cannot—by referring to the printed record before it—determine that probation would be a proper disposition of the case.

In *Brown v. United States*, 222 F.2d 293 (9th Cir.) the Court observed, "If there is one rule in the Federal criminal practice which is firmly established, it is that the Appellate Court has no control over a sentence which is within the limits allowed by statute." By reviewing "the discretion" of the District Court over either the severity of a sentence or a refusal to modify a sentence which is within the maximum allowed by law, this Court would exercise control over sentence. It in fact would either directly or indirectly resentence defendants without the information and opportunity for study which is at the dis-

posal of the District Court. We submit that such a result is not within that contemplated by Congress by the enactment of Section 1291 of Title 28 United States Code.

III. JUDGE MATHES DID NOT ABUSE HIS DISCRETION.

In Section III of his brief appellant attacked Judge Mathes's exercise of discretion on the grounds that his motives were arbitrary and capricious; that he analogized the 1001 violation there present to Smith Act violations; that he denied his power to reduce sentence because of his belief that appellant was still a Communist; and that he insisted that appellant declare adherence to the system to which the Judge was dedicated. While not expressly stated, it is implied that probation should have been granted. The purpose of Rule 35 is claimed to be, in part, to permit the Court to impose "probation" (Page 20, Appellant's Brief).

We should remind appellant that Rule 35 of the Federal Rules of Criminal Procedure does not provide for the granting of probation after a sentence has been imposed. Section 3651 provides that probation may be granted "upon entering a judgment of conviction" of an offense. The Supreme Court has held in *Affronti v. United States*, 350 U.S. 79, and *United States v. Murray*, 275 U.S. 347 that this section does not allow probation to be granted after imposition of sentence. The only question here involved then is Judge Mathes's discretion in refusing to modify the sentence of 5 years.

The offense in this case involves the submission by a Labor Union Official of a false affidavit concerning his affiliation with the Communist Party of the United States. At the time of the hearing Judge Mathes made reference to the fact that he had presided at a Smith Act trial in the City of Los Angeles involving members of the Communist Party. He nowhere expressly referred to the Smith Act by way of analogy in this case. It is not clear from appellant's brief, page 21, whether he is referring to the time of imposition of sentence in this case or to the denial of motion to modify. If he is referring to the time of original sentence, the simple answer is that he did not appeal on that ground from any remarks made at that time. If he is referring to the hearing on the motion to modify, Judge Mathes made no such statement. A discussion of the Communist Party and offenses which involve the Communist Party would, however, seem germane in imposing judgment or reviewing to modify judgment in a case in which the crime consists of falsely swearing that one was not affiliated with the Communist Party. Congress imposed a requirement on Unions taking advantage of the National Labor Relations Act that their leaders file affidavits that they were not affiliated with the Communist Party. Mr. Bryson's affiliation with the Communist Party was the basis of his conviction. We think it plain that a Judge has as much right to consider the cases of other Communist Party members whom he has sentenced as he has to consider other bank robbers he has sentenced when sentencing one

who has robbed a bank. Appellant seems to imply that membership in or affiliation with the Communist Party is such a mark of honor that considering it adversely, to a defendant who is charged with falsely swearing about it, is a deprivation of rights under the Constitution of the United States. We do not think we can be called "red baiters" when we suggest that in a crime which involves an attempt by one affiliated with the Communist Party to take advantage of the National Labor Relations Act contrary to the will of Congress, it is proper to consider Communism, prior sentence meted out to Communists and the nature of the Communist movement.

Appellant suggests that Judge Mathes was of the opinion that he lacked power to reduce a sentence because of his belief that appellant was still a Communist. Appellant's brief page 21. An examination of the transcript does not indicate that Judge Mathes was of that opinion. It was not that he *could not* but rather that he *would not* reduce the sentence because he was not convinced that Mr. Bryson had given up all adherence to Communism. Judge Mathes said, "In short, Gentlemen, I can't bring myself to grant the motion." This does not indicate a failure to exercise discretion but rather a studious examination of the facts and the defendant, and a decision that appellant had failed to show any change of circumstance which would justify a change in the sentence.

Appellant claims that the transcript indicates that Judge Mathes believed appellant still a Communist. We submit that Judge Mathes's remarks cannot be

so interpreted. Rather Judge Mathes indicated that he was not convinced to the contrary. In short, he merely indicated that at the hearing appellant had failed to prove that he was not. If appellant had been an alcoholic in the past, a Judge faced with a motion to modify sentence might indicate that he was not convinced of the defendant's reformation. This attitude on the part of the Court is possible even though the Court had no fixed belief that the defendant still drank. In brief, Judge Mathes simply indicated that he was not persuaded that appellant was no longer a Communist.

Appellant declares that a requirement on the part of the Court that a defendant be "dedicated today to defend our system which I have sworn to uphold" is unjudicial. We were under the impression that Judges were sworn to uphold the Constitution of the United States and that there was such a thing as an American system of government. It is our feeling that a Judge can conscientiously require a defendant seeking to modify his sentence to be dedicated to the American system of government and to the Constitution of the United States.

Appellant claims a belief that he was still a Communist would be contrary to the record. We do not assert that appellant still is or is not a Communist. We do assert, however, that the record at the motion to modify is silent in that respect. Appellant vehemently asserts that the uncontradicted evidence indicates that appellant had not been a Communist since 1947. We might remind appellant that he was con-

victed for falsely swearing in April 1951 that he was not affiliated with the Communist Party. In July 1951 appellant asserted to one John Tiernan that "I am still a Communist and proud of it." Trial Record 697. In July of that year he also told a Mr. Stewart, a member of the Marine Cooks and Stewards Union, that he was a Communist and proud of it. Trial Record 557-648.

The Trial Record indicates that in 1947 it was agreed at a Communist meeting at which Mr. Bryson took an active part that if compliance with the Taft-Hartley Act was necessary "it would be understood that they would resign from the party in name only so they could comply, but this did not mean that they would not be in touch; in close alliance with the party; they would still be informed of all major decisions and policies of the party." Trial Record 504.

The record of the trial coupled with appellant's conviction of false swearing did not require the trial Judge to find that appellant had not been a Communist since 1947. Even if Mr. Bryson had asserted at the hearing that he was not a Communist (which as a matter of fact he did not) the trial Judge was still not required to believe him. A discussion of appellant's supplementary affidavit which was filed *after* the hearing on the motion to modify of course is not germane to the question of whether or not Judge Mathes abused his discretion at the time of the hearing.

The suggestion is made at page 21 of Appellant's Brief that Judge Mathes was prompted by "arbi-

trary or capricious motives." Appellant never directly states what he believes the arbitrary and capricious motives to be. He, however, seems to indicate that they consisted of the trial Judge's strong feeling about Communists and Communism in the United States. Appellant's Brief page 24.

We cannot bring ourselves to believe that having strong feeling about Communism and Communists is unjudicial or that a Judge with such beliefs cannot exercise discretion. It has never been suggested, to our knowledge, that for a Judge to try or pass on criminal cases involving Communist defendants he must be in favor of Communism or adopt a neutral attitude towards it. We do not think a Judge is disqualified or has arbitrary or capricious motives because of strong feelings concerning Communism any more than he would be if he had strong feelings against bank robbery, murder, arson or rape.

IV. NO QUESTION CONCERNING "CRUEL AND UNUSUAL PUNISHMENT" CAN BE RAISED OR IS PRESENT IN THIS CASE.

Appellant argues that the imposition of 5 years' imprisonment and a \$10,000.00 fine for appellant's false denial that he was affiliated with the Communist Party constitutes cruel or unusual punishment in violation of the 8th Amendment of the Constitution of the United States. A sentence within the limits fixed in a statute will not ordinarily be disturbed on appeal as being excessive, cruel or inhuman. *Troutman v. United States*, 306 U.S. 649; *McManus v.*

United States, 306 U.S. 651; *Martin v. United States*, 100 F.2d 490.

Appellant argues that there should be some distinction in the penalty between violent overthrow of the Government, membership in the Communist Party and affiliation with that organization, and claims that the lack of this distinction makes such a punishment for affiliation cruel and unusual within the meaning of the Constitution. It is illogical to jump from a claim that differentiation in terms is desirable to the assertion that its lack is unconstitutional. An examination of Title 18 will demonstrate that a 5 year term is the usual term fixed therein. Transporting a woman in interstate commerce for immoral purposes which has the same penalty as transporting a stolen automobile does not make a 5 year term for transporting the stolen car unconstitutional, and a 10 year penalty for forgery of a \$2.00 treasury check is not unconstitutional because the penalty for sale of narcotics may be only 5 years. Furthermore appellant is confused as to the crime of which he was convicted. Section 1001 is the crime of false swearing. The particular connections with the Communist Party referred to by appellant are simply requirements of the National Labor Relations Act. None of these false oaths would come under the category of "little white lies." The crime committed is in the nature of perjury. No particular differentiation between the subject matter of false oaths in this field would appear to be necessary or desirable.

In *Weems v. United States*, 217 U.S. 349, the Supreme Court was faced not only with a long prison term but with the perpetual wearing of chains and with the imposition of hard and painful labor. From a defendant's point of view the imposition of any sentence at all is excessive and disproportionate to his offense. An objective comparison of a 5 year sentence with those imposed generally in the Federal judicial system, however, demonstrates that such sentence is neither cruel nor unusual. In *Edwards v. United States*, (10th Cir.), 206 F.2d 855, the Court imposed a 5 year sentence for possession of a bottle of bootleg whiskey. Falsely swearing one was not affiliated with the Communist Party would seem at least as serious. The Court held in the *Edwards* case, however, such a punishment was not within the prohibition of the 8th Amendment. In *Hornbrook v. United States*, (5th Cir.), 216 F.2d 112, the Court dismissed as frivolous the contention that a 5 year sentence for violation of the Dyer Act was cruel and unusual. We think the same disposition should be made here.

Appellant may not raise the question of cruel and unusual punishment here in any event. Appellant did not claim at the time of sentence that it was either excessive or in violation of the Constitution. He did not make this claim at the time of appeal from the judgment of conviction or in his petition for a writ of certiorari. He failed to assert the constitutional question in the Court below. As a matter of fact his assertion even here was belated, since such a conten-

tion did not appear in his first so-called Points on Appeal. In this Circuit such a contention cannot be advanced for the first time on appeal. *Flores v. United States*, (9th Cir.), 238 F.2d 758. In the *Flores* case, when faced with a contention for the first time on appeal that the sentences of 30 and 20 years were cruel and unusual punishment, this Court of Appeals stated "None of these contentions was advanced in the trial court and for this reason alone cannot be considered here."

V. THE COURT DID NOT APPLY IMPROPER STANDARDS IN DENYING APPELLANT'S MOTION.

Appellant claims that Judge Mathes used improper standards in denying his motion on two grounds: 1. That he mentioned that he did not believe appellant was dedicated to the system which the Judge was sworn to uphold; and 2. That the Judge improperly took into account a belief that appellant had not renounced Communism.

As we have said before we think that a Judge properly should take into account in sentencing or passing on a sentence whether or not a defendant supports the Constitution of the United States and the American system of government. A lack of attachment to the United States and to its institutions is a factor which any Court should take into account in imposing judgment. Our Court system has been called "the bulwark of American democracy." We see nothing inappropriate in the Court's considera-

tion of attachment to the United States as a requirement for the exercise of mercy. We submit that every member of the Court of Appeals is attached to the American system of government and if called upon to exercise mercy would consider whether or not the defendant before him was also so attached.

Appellant seems to argue that Judge Mathes was required to accept in the hearing on the motion to modify appellant's supplementary affidavit filed after the hearing which states: "I am not in favor of Communism. I am against it." TR 28. To begin with it would have been somewhat difficult for the Judge to pass on a statement which was not made at the time of his decision. Secondly when a defendant stands convicted of false swearing we see no reason why a Judge should be required to believe every statement made by him. An examination of the first affidavit, while indicating that appellant was superficially, at least, living a conforming life, shows nothing which would justify appellant's assertion that the record shows that appellant was not at the time of the motion in favor of or affiliated with the Communist Party. In a prior section of this brief we have indicated some of the testimony at the trial which would justify a certain skepticism concerning appellant's presently claimed attitude toward Communism.

To some extent an analysis of the legal principles advanced by appellant in his improper standards claim would be futile. Nothing improper has in any sense been shown. Even assuming that such a claim might in some case be a grounds for reversal, noth-

ing has been shown here which by any stretch of the imagination indicates that improper standards have been applied.

It should be observed, however, that no case has been presented by appellant in which an Appellate Court disturbed the discretion of a trial court in reviewing to modify a conceding legal sentence. *Wilson v. United States*, (9th Cir.), 250 F.2d 312, involved a trial and the standards required of a trial. Other cases concern the imposition of sentence itself rather than an attempt to modify after affirmance on appeal.

The per curiam opinion in *Vetterle v. United States*, 344 U.S. 72, is a slender reed on which to overrule the mass of law which holds, as this Court did, that an Appellate Court has no control over the sentence which is within the limits allowed by statute. *Brown v. United States*, (9th Cir.), 222 F.2d 293. In the *Vetterle* case the Supreme Court obviously did not consider the implications of their action. We think a full-scale consideration by the Supreme Court is required before Courts of Appeal are authorized to review sentences. No principle of law is announced in the *Vetterle* case and the cases which moved the Supreme Court to remand the case are not clear from the record. In *Calvaresi v. United States*, 348 U.S. 961, a resentence was not ordered, but a retrial before a different Judge. All that apparently was wrong with the judgment was the length of the sentence. The Supreme Court, however, did not indicate that a resentencing procedure should be had before a different Judge but on the contrary sent the case back for a

retrial. If any case would have justified the kind of treatment which appellant urges here, *Calvaresi* would have. The Supreme Court, however, apparently felt it did not have the authority to resentence, or to demand resentence, or remand for resentence, where the length of the sentence alone was involved. If *Vetterle v. United States*, supra, meant anything at all, it was apparently overruled in the *Calvaresi* case decided shortly thereafter.

The remainder of the cases cited by appellant deals with contempt. Contempt is, of course, *sui generis*. In a contempt case there is no maximum sentence. Therefore, the problem of an Appellate Court reviewing a sentence within the maximum provided by law is not involved. In a contempt case the Court acts as Judge, complaining witness—and in many cases, prosecutor, unfettered by a Congressionally determined maximum sentence. In the Bryson case, however, the issue is whether a denial of a Motion to Modify is reviewable where the sentence sought to be modified is within the maximum provided by the statute.

It has been the rule for many years that a contempt sentence, where no maximum penalty is provided, may be reviewed to determine whether or not it is excessive. In *Sinclair v. United States*, 279 U.S. 749, the Supreme Court reviewed the question of the excessiveness of a contempt sentence. In *United States v. United Mine Workers*, 330 U.S. 258, the Supreme Court actually reduced a fine in a contempt case involving a Trade Union. In *Green and Winston*

v. United States, 26 LW 4183, the Supreme Court also reviewed the sentences imposed there for contempt of Court. In the *Green* case the Supreme Court reiterated its view that because "Congress has not seen fit to impose limitations on the sentencing power for contempts" therefore "Appellate Courts have here a special responsibility for determining that the power is not abused, to be exercised if necessary by revising themselves the sentences imposed." Because of the unique nature of the contempt power, the Supreme Court indicated that there must be careful supervision. Nowhere, however, have the Courts stated that the general rule regarding sentences which are imposed within the maximum provided by law has been abrogated.

In *Yates v. United States*, 26 LW 4277, the Supreme Court introduced no new and novel rule; it simply proceeded under the very limited exception to that rule with respect to contempts. Furthermore, the Supreme Court, after reaffirming its power in contempt sentences, emphasized its reluctance to do so—even in this limited type of case, saying, "Such a reduction of the sentence, however, normally ought not be made by this Court."

Contempt sentences are simply unique; they are usually imposed, not for the protection of society in general but for the protection of the judicial processes and the decorum of the Court. As such, they are primarily the responsibility of the Court system, rather than the other arms of Government. Since the conduct is usually entirely within the presence, either

actually or constructively, of the Court, and all the facts necessary for sentence are usually in the record of proceedings, there is abundant justification for treating them differently than the ordinary criminal sentence.

It should be emphasized that we are dealing here not with a sentence but an attempted modification. Appellant utterly confuses the question of the sentence's severity with the Judge's power to refuse to modify it. He did not appeal on the grounds that the sentence was excessive. Any contention which he advances toward the question of the sentence itself is already *res judicata*. The only claim which can be advanced at this time by appellant is that the trial Judge lacked the power to refuse to modify an appellate court approved sentence.

CONCLUSION.

In our opinion the type of order involved here is not appealable or reviewable. We believe that even if the Court of Appeals assumes jurisdiction to review, the matters urged are frivolous. We ask that the order of the District Court be affirmed or in the alternative the appeal dismissed.

Dated, San Francisco, California,
September 10, 1958.

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No. 15,881

United States Court of Appeals
For the Ninth Circuit

HUGH BRYSON,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

Appeal from the United States District Court for the
Northern District of California,
Southern Division.

APPELLANT'S OPENING BRIEF.

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No. 15,881

**United States Court of Appeals
For the Ninth Circuit**

HUGH BRYSON,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

**Appeal from the United States District Court for the
Northern District of California,
Southern Division.**

APPELLANT'S OPENING BRIEF.

These are appeals (TR 23, 31) from (1) an order denying appellant's motion to reduce or modify his sentence; and (2) the failure and refusal of the court below to rule upon a petition for reconsideration of said denial.

JURISDICTIONAL STATEMENT.

The jurisdiction of the District Court over the offense involved is conferred by 18 USCA 1001; its jurisdiction to reduce or modify the sentence imposed is conferred by Rule 35, Federal Rules of Criminal Procedure. The jurisdiction of this Court over this appeal is conferred by 28 USCA 1291 and 1294(1).

APPLICABLE CONSTITUTIONAL PROVISIONS, AND RULES.

The Eighth Amendment to the Constitution of the United States reads as follows:

“Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishment inflicted.”

Rule 35, Federal Rules of Criminal Procedure, reads as follows:

“The court may correct an illegal sentence at any time. The court may reduce a sentence within 60 days after sentence is imposed, or within 60 days after receipt by the court of a mandate issued upon affirmance of the judgment or dismissal of the appeal, or within 60 days after receipt of an order of the Supreme Court denying an application for a writ of certiorari.”

STATEMENT OF THE CASE.

Appellant was charged in an indictment in three counts with having violated 18 USCA 1001 by having falsely sworn in 1951 that (1) he was not a *member* of the Communist Party; (2) he was not *affiliated* with that party; and (3) he did not *support an organization which advocated violent overthrow of government*. Prior to trial the Government voluntarily dismissed the third count. A jury acquitted appellant of the first count, thereby finding that he had not been a member of the Communist Party in 1951. It convicted him on the second count, thereby finding that in 1951 he had been affiliated with that party.

The trial judge, William C. Mathes of the Southern District of California, analogizing the offense to a violation of the Smith Act (Tr. June 14, 1955, p. 16, in file No. 14859 in the files and records of this Court), imposed the maximum sentence upon appellant.¹

Upon appeal, the conviction was affirmed here (238 F.2d 657). Certiorari was denied (355 U.S. 817). When the mandate of this Court was filed in the court below, appellant moved for an order staying the execution of his sentence so that he might prepare and file a motion for relief under Rule 35 of the Federal Rules of Criminal Procedure. This motion was granted by the judge then sitting in the Master Calendar Department below, Honorable George B. Harris. Furthermore, Judge Harris directed the Court's Probation Officer to prepare and file a supplemental probation report in connection with the motion which was to be made under Rule 35 (TR 3-4).

Such a motion (TR 4) was made, supported by an affidavit of appellant (TR 5-22). Prior to the hearing of the motion and at the suggestion of the Probation Officer, appellant had procured from many citizens

¹The same trial judge presided in the Los Angeles Smith Act cases in which judgments of conviction were reversed by the Supreme Court (*Yates v. United States*, 354 US 298). This judge's position, *vis-a-vis* alleged Smith Act violators is clearly spelled out by his persistent refusal to grant reasonable bail despite the orders of the Appellate Courts. See *Stack v. Boyle*, 192 F.2d 56; *Stack v. Boyle*, 342 US 1; *United States v. Schneiderman, et al.*, 102 F.Supp. 52; *United States v. Spector*, 102 F.Supp. 75; *Stack v. United States*, 192 F.2d 875; *Spector v. United States*, 193 F.2d 1002.

in the community, letters attesting to his good character, which letters were submitted to Judge Mathes.²

At the opening of the court session a probation report was submitted to the court and to all counsel. At the outset of the argument on the Rule 35 motion, Judge Mathes said that he had considered the motion papers, the appellant's affidavit, the many letters received. Presumably the judge had also considered, although he did not so state, the Probation Officer's report.

On the argument the Government adopted "a neutral position on the motion" (TR 23).

At the conclusion of the proceedings, Judge Mathes denied the motion, stating:

"These are very difficult matters, a difficult one especially because of the type of person involved. The autobiographical affidavit that the defendant filed explains in rather eloquent case history terms the monstrous economic conditions that existed during the depression years in this country which drove many fine young people into the Communist Party. I presided at a trial of fourteen Communists down in Los Angeles, and at the time of sentence heard each one of them tell his life history somewhat in the same

²Letters of similar import had been submitted to the Probation Officer at the time sentence was originally passed. A panel of this Court commented as follows, with respect to this matter, at a time when appellant's application for bail pending appeal was before it:

"Coupled with this there are of record in the files of this action statements of a large number of responsible citizens of California to the effect that Bryson was a reliable and dependable person . . ." (223 F.2d at 777).

vein as the defendant, Bryson, and it was surprising how many of those confessed to Communism, those who were born in this country, how many of them went into the Communist Party and embraced the philosophy during dismal years of 1931, say, to 1934. There used to be an expression I heard years ago. We used to hear it quite frequently. I do not know the source of it, but something to the effect that if a college-trained man at 20 was not a Socialist or not inclined to be a Socialist, something was probably wrong with his heart. If at 40 he was still inclined to be a Socialist, something was probably wrong with his head.

“I wish I could believe Mr. Bryson is no longer a Communist. I wish I could believe he was dedicated as he apparently once was to Communism—I wish I could believe he were dedicated today to defend our system which I am sworn to uphold. I find nowhere in his affidavit any renunciation or denunciation of Communism or Communist doctrine. In short, gentlemen, I can’t bring myself to grant the motion. The motion will be denied and the defendant will be committed to the custody of the Marshal to serve the sentence. His bail will be exonerated.” (Tr. January 3, 1958, pp. 16-17.)³

Appellant filed a notice of appeal (TR 23) from the order denying the motion to reduce or modify the sentence.

³The transcript of the proceedings of January 3, 1958, has been lodged with the Clerk of this Court, but because it consists primarily of argument of counsel, it has not been included in the printed record.

Because of the observation made by Judge Mathes during the proceedings of January 3, 1958, as quoted above, and after appellant was incarcerated but during the sixty day period referred to in Rule 35, appellant filed a petition for reconsideration (TR 27) together with a supporting sworn statement (TR 28-30). Judge Mathes declined to act upon said petition within the sixty day period. Immediately thereafter, appellant filed a further notice of appeal (TR 31-32).

Appellant specified (TR 24-25) among his points on appeal, the following:

1. The court erred in denying appellant's motion for modification or reduction of sentence.

2. The court failed to exercise the discretion required by law to be exercised, in denying appellant's motion for reduction or modification of sentence.

3. The court committed an arbitrary abuse of discretion in denying appellant's motion for reduction or modification of sentence.

4. The court applied unlawful and improper standards in denying appellant's motion for reduction or modification of sentence.

5. The order of the court denying said motion for reduction or modification of sentence is not supported by law or by the record of said cause.

In this Court appellant has added to the foregoing the following additional points on appeal:

"Appellant asserts that the sentence below was imposed in violation of the laws and Constitution

of the United States and that it constituted and constitutes cruel and unusual punishment, contrary to the provisions of the Eighth Amendment to the Constitution of the United States.” (TR 36.)

ARGUMENT.

I.

THE IMPOSITION OF THE MAXIMUM PENALTY IS, ON THE FACTS OF THIS CASE, CRUEL AND UNUSUAL PUNISHMENT, IN VIOLATION OF THE PROHIBITIONS OF THE EIGHTH AMENDMENT.

Appellant had originally been charged with three counts of making false statements with respect to (1) his alleged personal support of violent overthrow of government; (2) his membership in the Communist Party; and (3) his affiliation with that organization. The government withdrew the first and most serious of these charges, and the jury acquitted appellant of the second and next most serious. He therefore stood convicted of making a false statement with respect to *affiliation*, which has been called a status of “dubious scope” (Frankfurter, J., *American Communications Association v. Douds*, 339 U.S. 382).⁴

⁴Other judges have had equal difficulty with the term:

Judge Learned Hand, in *Tolsky v. Wilson*, Southern District of New York, cited in *Bridges v. Wixon*, 154 F.2d 927, 941, n. 1, said: “As to affiliation the case is not so clear, and depends on how one defines that word.”

Judge Chase, in *United States v. Reimer*, 79 F.2d 315, 317, said that definition of “affiliation” “is . . . impossible . . .”

Judge Major, in *Inland Steel v. National Labor Relations Board*, 170 F.2d 247, 262, said of “affiliation”: “Its meaning would be quite beyond the reach of the ordinary citizen.”

We argue here, that the imposition of the maximum statutory penalty for what was at most a minimal and technical violation of the law, constitutes cruel and unusual punishment.

The constitutional term has not often been defined, but it clearly embraces a punishment which is disproportionate to the offense proved. *Weems v. United States*, 217 U.S. 349, 368. In the last cited case, the Supreme Court quoted with evident approval from *McDonald v. Commonwealth*, 173 Mass. 322, the observation that "punishment in the state prison for a long term of years might be so disproportionate to the offense as to constitute cruel and unusual punishment." In the *Weems* case the Court also referred, again with approval, to the earlier statement of Mr. Justice Field in *O'Neil v. Vermont*, 144 U.S. 323, that the prohibition of the Eighth Amendment "was directed not only against punishment which inflicted torture, 'but against all punishments which, by their excessive length or severity, are greatly disproportionate to the offense charged.' "

In the *Weems* case itself, an extended prison sentence for the crime of falsifying a public document was set aside as violative of the constitutional prohibition. The underlying reasoning of *Weems* was recently reiterated by the Supreme Court in *Trop v. Dulles*, 355 U.S., 2 L.ed.2d 630, at 642, where the Court said that the Eighth Amendment required punishment to conform to "principles of civilized treatment" and to be imposed "within the limits of civilized standards" (355 U.S., 2 L.ed.2d 630 at 642).

In determining whether or not these requirements of the Eighth Amendment were met, the Court indicated that punishment would be examined to determine whether it had been imposed “depending upon the enormity of the crime” (355 U.S., 2 L.ed.2d 630, at 642).

It is clear from the foregoing that there is a relationship, required by the Eighth Amendment, between the punishment which is imposed and the seriousness of the offense. It is submitted that in this case, the punishment imposed far exceeded the seriousness of the offense.

Here, Congress fixed a maximum punishment of five years imprisonment and \$10,000 fine for false swearing respecting a personal advocacy of violent overthrow of government, membership in a proscribed organization, and affiliation with that organization. The degrees and grades of severity of the three offenses made it clear that there is to be a degree and gradation of punishment. If the maximum punishment which can be imposed for falsely swearing that one does not personally advocate or support the overthrow of government is five years in prison and a \$10,000 fine, then it is cruel and unusual to impose that same punishment on a person who is not guilty of that offense, but only guilty of the much less serious offense of falsely stating that he is not *affiliated* with a specified organization. It is not to be supposed that the same punishment should automatically apply for a violation of the obviously much less serious offense, which is not only harder for judges to define, but

as well for laymen to understand, of false swearing concerning "affiliation" with a proscribed organization.⁵

While the constitutional objections as to the vagueness of the term have been rejected in this case, the factors upon which they were based are hardly irrelevant in the assessment of an appropriate sentence. Nor can the jury's own lack of clarity with respect to the meaning of the term be disregarded at the sentencing stage of the proceedings. And it is particularly important to recall that the man upon whom sentence was imposed here, was acquitted of Communist Party membership—and a charge that he supported an organization advocating violent overthrow of government, was abandoned by the prosecution before trial.

To impose the maximum possible sentence both as to imprisonment and fine on this record is to impose a

⁵The Supreme Court has frequently struck down judgments based on "affiliation" in the presence of a variety of extenuating considerations. Thus, in *Bridges v. Wixon*, 326 U.S. 135, deportation for "affiliation" with the Communist Party was held improper due to an absence of proof that the alien adhered to *proscribed objectives* of the organization, as distinguished from mere cooperation with it in lawful activities (at pp. 143-144). In *Rowoldt v. Perfetto*, 355 U.S., 2 L.ed.2d 140, deportation for "affiliation" was again held improper, for failure to prove a "meaningful association" not wholly devoid of "political implications". And in *Schwartz v. Board of Bar Examiners*, 353 U.S. 232, New Mexico's refusal to admit to the bar of that state a former Communist Party member, was disapproved with a reminder, "Assuming that some members of the Communist Party during the period from 1932 to 1940 had illegal aims and engaged in illegal activities, it cannot automatically be inferred that all members shared their evil purposes or participated in their illegal conduct." (At p. 246.)

cruel and unusual punishment, because that punishment is disproportionate to the offense.

II.

THE TRIAL COURT APPLIED IMPROPER STANDARDS IN DENYING THE MOTION TO REDUCE OR MODIFY SENTENCE, AND HIS JUDGMENT MUST THEREFORE BE REVERSED.

The trial judge apparently imposed the maximum sentence upon appellant because he did not believe that appellant was "dedicated" to a "system" which the judge was sworn to uphold. The judge was reinforced in his conclusion that the maximum sentence should be imposed because he did not find in appellant's supporting affidavit a "renunciation or denunciation" of Communist doctrine (see, *supra*, p. 5).

It is submitted that such criteria are improper criteria to be applied in the imposition of sentence, and that in the enforcement of the penal laws of the United States, a defendant is not to be visited with a harsher sentence than might otherwise be the case because of the trial judge's views of the defendant's politics.

Furthermore, the trial judge was under a substantial misapprehension as to what the record shows. The affidavit of appellant (TR 5-22) eloquently establishes the change which had taken place in applicant's activities and thinking from the time he first stood before the court for sentencing. It would serve no useful purpose to quote excerpts from this affidavit in this brief at this point. Appellant commends a care-

ful reading of the affidavit to the members of this Court and earnestly requests that they give it the full consideration to which it is entitled.

Because of the observation made by the trial judge, and in order to dispel any lingering doubts which might have remained in his mind, appellant petitioned for reconsideration (TR 27) and submitted a sworn statement in which he categorically said, "I am not in favor of Communism; I am against it" (TR 28). Yet the trial judge refused to act on this petition.

The foregoing demonstrates two points: first, that the trial judge improperly applied standards which ought not to have been taken into consideration in the imposition of sentence; and second, that he made certain assumptions—*e.g.*, that appellant had not "renounced" Communism—which were contrary to and not supported by the record. Either of these two errors requires a reversal of the judgment and a resentencing of appellant.

It is the law that when a trial judge fails to apply proper legal standards, his judgment even though otherwise correct, must be reversed. *Takehara v. Dulles*, 205 F.2d 560 (9 Cir.); *Mar Gong v. Brownell*, 209 F.2d 448 (9 Cir.); *Wilson v. United States*, 250 F.2d 312 (9 Cir.).

In the *Mar Gong* case, a judgment was reversed because in part it appeared that the Court's findings in the pending case "are based in part upon circumstances shown in . . . other cases" (209 F.2d, at 450).

In other words, in *Mar Gong*, the trial judge imported into the proceedings before him, general attitudes which he had developed during the course of the trial of other similar cases. Here, it is obvious that Judge Mathes imported into the *Bryson* case, attitudes which he had developed during the course of the extended Smith Act trial in Los Angeles. As a matter of fact, the judge's observations at the time of the denial of the motion for reduction or modification of sentence are explicit to this effect (see *supra*, pp. 4-5).

In *Wilson v. United States*, *supra*, a judgment was reversed because, although the result reached by the trial Court might have been justifiable on other grounds, the trial judge had acted upon an erroneous legal premise. This Court said:

"It is a fundamental precept of the administration of justice in federal courts that the accused must not only be guilty of the offense of which he is charged and convicted, but that he be tried and convicted according to proper legal procedures and standards. In short, it is not enough that the accused be guilty; our system demands that he be found guilty in the right way." (250 F.2d, at 324.)

It cannot seriously be contended that this fundamental precept of criminal justice in the federal courts is limited to trial and conviction and has no application to the imposition of sentence. The reasons which impel the enforcement of such a rigid standard during the course of the trial are equally

applicable at the moment of sentence. It will not do to say that an accused must be fairly treated throughout the trial but may be arbitrarily and capriciously sentenced. This fact has been recognized in the decisions of the Supreme Court of the United States.

In *United States v. Daugherty*, 269 U.S. 360, the defendants were sentenced to three consecutive five-year terms after having been found guilty on each count of a three-count indictment. The Court of Appeals was of the view that there had been but one offense and construed the sentence as being only for a single five-year period. The government obtained certiorari and the Supreme Court agreed with its contention that there were three offenses and that the sentence imposed was in fact for three consecutive five-year periods. If the Court were not concerned with the sentence, that would have ended the matter. The Court of Appeals would have been reversed and the original (legally correct) sentence of the District Court reinstated. However, despite its affirmance of the District Court's judgment, the Supreme Court sent the case back for resentencing, saying:

"We deem it proper to add that the sentence of fifteen years imposed upon respondents seems extremely harsh. Circumstances not disclosed by the record may justify it, but only extraordinary ones could do so.

"The judgment of the Court of Appeals is reversed and the one entered by the District Court is affirmed. The cause will be remanded to the latter court for further proceedings in conformity with this opinion." (269 U.S., at 364.)

In *Townsend v. Burke*, 334 U.S. 736, the Supreme Court reversed a sentence even though it affirmed the judgment. The sentence was reversed because it had been entered by the trial judge on the basis of certain assumptions of fact about the defendant which were not true. The same result obtained in *Keenan v. Burke*, 342 U.S. 881.

In the case at bar, as we have shown, Judge Mathes made certain assumptions about the appellant which were not true and were unsupported by the record. On the authority of the *Townsend* and *Keenan* cases, the sentence based upon those assumptions must be vacated.

Vetterli v. United States, 198 F.2d 291, in this Circuit, is a most illuminating case on the point here under consideration. There, the defendant had been convicted of perjury following his testimony before a Grand Jury in Los Angeles relating to espionage activities. On appeal, this Court (Healy, Orr and Pope, JJ.) in an opinion by Judge Orr, rejected appellant's contention that his sentence was invalid because its determination by the trial judge rested in part upon an observation, adverse to the defendant, relating to his failure to testify in his own behalf. The Court said:

“Appellant challenges the validity of the sentence imposed because of certain remarks made by the trial court at the time of pronouncement. The sentence imposed was entirely within the limits fixed by law and thus was within the discretion of the Court, and we are therefore in no position to disturb it.” (198 F.2d, at 294.)

The Court cited in support of its position *Kawakita v. United States*, 190 F.2d 506, affirmed 343 U.S. 717.⁶

When the *Vetterli* case got to the Supreme Court of the United States, certiorari was granted and the following *per curiam* order was entered:

“*Per Curiam*: The motion for leave to proceed in forma pauperis is granted and the petition for writ of certiorari is granted. The judgment of the Court of Appeals is vacated and the case is remanded to the District Court for re-sentencing without taking into consideration defendant’s failure to testify.” (344 U.S., at 872.)

We think that the lesson of the *Vetterli* case is crystal clear: When a trial judge in imposing sentence takes into consideration matters which as a matter of law he ought not to, then an appellate court not only may but should vacate the sentence and remand the case for re-sentencing which will be free of legal error.

Indeed, an appellate court has the power and perhaps even the duty of vacating and remanding the cause for re-sentencing before a different judge. In *Calvaresi v. United States*, 216 F.2d 891 (10 Cir.), the defendants were convicted of conspiring to influence and bribe jurors, of influencing and bribing

⁶*Kawakita* does not hold that there are no circumstances in which a reviewing court may not examine into the question of sentence. What the Court said in *Kawakita* was this:

“Whether a sentence may be so severe and the offense so trivial that an appellate court should set it aside is a question we need not reach. The flagrant and persistent acts of petitioner gave the trial judge such a leeway in reaching a decision on the sentence that we would not be warranted in interfering.” (343 U.S., at 745.)

jurors, and the contempt of court. Before the trial they filed affidavits of bias and prejudice and asked the trial judge to disqualify himself. This he refused to do. On appeal, they asserted, among other grounds in support of their contention that the trial judge was biased against them, the excessive sentences which he imposed upon them after conviction. Of this contention the Court of Appeals said:

“While the sentences imposed are very severe, they are in every instance within the legal maximum provided by the statute. It cannot be said that standing alone the imposition of a sentence which the court had lawful authority to impose was bias and prejudice.” (216 F.2d, at 900.)

When the *Calvaresi* case reached the Supreme Court, the following *per curiam* order was entered:

“*Per Curiam*: In the interests of justice and in the exercise of the supervisory powers of this Court, certiorari is granted and the cases are severally reversed and remanded to the District Court for retrial before a different judge.” (348 U.S., at 961.)

In *Nilva v. United States*, 352 U.S. 385, the defendant had been found guilty of three specifications of contempt of court. On certiorari the Supreme Court found only one of these specifications sustainable. This was enough to support the sentence. However, the Supreme Court said:

“There remains a question as to the petitioner’s general sentence. It was imposed following his conviction on each of the three original specifications. Although the government now undertakes

to sustain but one of the convictions, it contends that that petitioner's sentence should be left as it is because it was within the trial court's allowable discretion. We believe, however, that the court should be given an opportunity to reconsider petitioner's sentence in view of the fact that his conviction now rests solely upon the third specification." (352 U.S., at 396.)

To the same effect, see *Yasui v. United States*, 320 U.S. 115, 117; and *Husty v. United States*, 282 U.S. 694, 703.

Perhaps the latest expression of the Supreme Court's attitude in these matters is in *Yates v. United States*, 356 U.S., 2 L.ed.2d 837. There as this Court will remember, the defendant had been found guilty by Judge Mathes of eleven separate instances of contempt while she was testifying before him as a defendant in a Smith Act case. After a long series of intermediate proceedings demonstrating once again the attitude of Judge Mathes with respect to defendants involved in cases of this kind (see the history recounted in the latest Supreme Court opinion, 356 U.S., 2 L.ed.2d 837), the Supreme Court held that the defendant had committed only one, not eleven contempts (*Yates v. United States*, 355 U.S., 2 L.ed.2d 95, 99), and remanded the case for re-sentencing. At this point we should note that the fact of the remand is in itself significant. Obviously the one contempt which was found to be legally valid was sufficient to sustain the sentence, as indeed the government argued. But because the sentencing procedure

is not immune from the requirements of due process (*Williams v. New York*, 337 U.S. 241, 262, n. 18), the sentence was vacated and the case was remanded for re-sentencing “in the light of this opinion” (355 U.S., 2 L.ed.2d, at 103).

On the remand, Judge Mathes adhered to his original sentence and he was affirmed in this Court although the Court was of the view that the sentence was “severe” (*Yates v. United States*, 252 F.2d 568, 569). Despite the severity of the sentence, this Court found nothing different there from what obtains in every case “where the defendant thinks he was sentenced too heavily and has no other claim on which to attack his sentence” (252 F.2d, at 569). It therefore affirmed the judgment. The Supreme Court did not consider that the law was so inflexible. It recognized that the proper place for the reduction or modification of sentence was in the trial court, but took the view that where the trial court “appears not to have exercised its discretion . . . but in effect to have sought merely to justify the original sentence, this Court has no alternative but to exercise its supervisory power . . . by setting aside the sentence of the District Court” (*Yates v. United States*, 356 U.S., 2 L.ed.2d, at 840.)

We submit that the record in this case demonstrates that the trial judge did not exercise his discretion here but, as in *Yates*, sought merely to justify his original sentence. The sentence therefore should be vacated, and the cause remanded for further proceedings.

III.

THE TRIAL JUDGE ABUSED HIS DISCRETION AND ACTED IN AN ARBITRARY AND CAPRICIOUS MANNER IN REFUSING TO REVOKE OR MODIFY THE SENTENCE.

Rule 35, Federal Rules of Criminal Procedure, provides that “the court may reduce a sentence” after affirmance on appeal. Obviously the purpose of the rule was to permit a trial judge to re-examine the situation after the appellate process with respect to the merits of the conviction had been terminated. The rule permits the trial judge to re-evaluate—if a re-evaluation is indicated—the situation, not as it existed at the time of the trial but as it exists (some times months and some times years later) at the time when the defendant is about to commence the service of his sentence. The rule must have had a purpose. Its purpose is obviously to permit the Court in a proper case to modify or to revoke a sentence, and even to impose probation.

Indeed, the rule should be read together with 18 USCA 3651, *et seq.*, which establish a probation system in the federal penal structure. Together, the rule and the probation law establish a policy on the part of Congress which trial judges are enjoined to follow. It has been recognized that in ruling upon motions for probation (which was what the motion under Rule 35 really was), trial Courts may not abuse their discretion or act arbitrarily or capriciously. *United States v. White*, 147 F.2d 603 (3 Cir.); *Manning v. United States*, 161 F.2d 827 (5 Cir.); *Kirsch v. United States*, 173 F.2d 652 (8 Cir.); *United States*

v. Cosentino, 191 F.2d 574 (7 Cir.); *Dodd v. United States*, 213 F.2d 854 (10 Cir.).

In the resolution of an issue such as was presented to Judge Mathes by the Rule 35 motion, a trial court is to be guided by a judicial discretion; it is not to be prompted by arbitrary or capricious motives.

“The question, then, in the case of the revocation of probation, is not one of formal procedure either with respect to notice or specification of charges or a trial upon charges. The question is simply whether there has been an abuse of discretion and is to be determined in accordance with familiar principles governing the exercise of judicial discretion. That exercise implies conscientious judgment, not arbitrary action. *The Styria v. Morgan*, 186 U.S. 1, 9, 46 L.ed. 1027, 22 S.Ct. 731. It takes account of the law and the particular circumstances of the case and ‘is directed by reason and conscience of the judge to a just result.’ *Langnes v. Green*, 282 U.S. 531, 541, 75 L.ed. 520, 526, 51 S.Ct. 243. While probation is a matter of grace, the probationer is entitled to fair treatment, and is not to be made the victim of whim or caprice.” (*Burns v. United States*, 287 U.S. 216, at 222-223.)

Here, Judge Mathes has indicated his failure to exercise such a judicial discretion by at least the following: (1) his analogizing to alleged Smith Act violations at the time of the original sentence; (2) his insistence that he could not reduce the sentence as requested in the Rule 35 motion because of his belief (contrary to the record) that appellant was still a Communist; and (3) his insistence that appel-

lant declare an adherence to an undefined "system" to which the judge conceives himself to be dedicated. Such criteria, we submit, are not the stuff of which judicial—as distinguished perhaps from executive (see *Bridges v. United States*, 184 F.2d 881, at 887)—decisions are to be made. Judge Mathes may harbor strong feelings against Communists and Communism—and the record of the Smith Act proceedings before him (see *supra*, pp. 4-5), indicates the extent of his feelings about such matters—but in the imposition of a criminal sentence he is required to act in a judicial capacity under our Constitution, and to exclude from his thinking all such extraneous considerations—especially in the case, as this record shows, of a non-Communist.

For the evidence, which is uncontroverted, shows that since 1947 Bryson has had no associations with Communists, that he deliberately stayed away from such associations, that he has had arguments and disagreements with persons reputed to be Communists, and has had no relations of any kind with them. It shows further that since at least 1954 he has embarked upon an entirely new and different kind of life from that which he followed earlier. It shows not only, as the government remarked in its memorandum, that he has worked hard and been good to his family, but it shows a complete change in the personality of appellant (TR 5-22).

Yet despite this uncontroverted evidence, Judge Mathes arbitrarily, capriciously and without any foundation whatsoever, simply stated that he refused

to believe it. Judge Mathes did not indicate, as did the judge in *Williams v. New York, supra*, that there was evidence outside the record which controverted the evidence submitted by Bryson. He simply arbitrarily refused to believe the uncontradicted evidence. More than that, he set up standards such as "renunciation or denunciation of Communism" and "dedication" to a "system" which he apparently required of appellant before he would exercise his discretion in favor of appellant. Like the judge in *Vetterli v. United States, supra*, he took into consideration matters which a judge ought not to consider in the imposition of sentence. Just as the *Vetterli* sentence was reversed because the judge had considered the defendant's invocation of the Fifth Amendment privilege against self-incrimination, so must this sentence be reversed because of Judge Mathes' consideration of matters totally extraneous to the issue before him.

As we have pointed out, because of the observations made by Judge Mathes at the time of his ruling on the motion to modify the sentence, Bryson filed a supplemental affidavit in which he unequivocally stated his position with respect to the issues to which Judge Mathes addressed himself. He prayed for a reconsideration of the ruling and requested an opportunity to be heard thereon. The judge did not grant him a hearing and simply ignored his subsequent petition.

The utilization by the trial judge of improper standards and his refusal to believe the uncontra-

dicted facts can only be characterized as such an abuse of discretion, as such arbitrary and capricious conduct, as to require review and reversal at the hands of this Court.

CONCLUSION.

In this case, a trial judge who quite obviously had strong feelings about Communists and Communism in the United States, has imposed the maximum sentence upon a defendant whom the government has apparently conceded did not support violent overthrow of government (by its dismissal of the third count of the indictment), whom the jury has acquitted of the charge of membership in the Communist Party, and whom the Court of Appeals has found to have been guilty of that dubious status, "affiliation", with that party back in 1951. The appellant in question has not for years been associated with Communists, nor sympathetic to Communist doctrine. His interests at the present time and for the past several years have revolved exclusively around his family and his work as a real estate salesman.

We suggest that the laws of the United States are sufficiently broad, flexible, and humanitarian to cope with the situation thus presented; they do not require that Hugh Bryson spend the next five full years in jail and be weighted down with the awesome burden of a \$10,000 fine.⁷ Indeed, to the contrary, our law

⁷Bryson was formerly an official of a trade union, and it is known that financial assistance has sometimes been forthcoming

will best be served by a determination of this Court that in view of this record, the order of Judge Mathes denying relief under Rule 35 be reversed, the sentence heretofore imposed be vacated, and the matter sent back for further proceedings before another judge.

Dated, San Francisco, California,
August 13, 1958.

Respectfully submitted,
GLADSTEIN, ANDERSEN, LEONARD & SIBBETT,
RICHARD GLADSTEIN,
NORMAN LEONARD,
Attorneys for Appellant.

from a trade union with respect to the payment of fines of its leaders. At the time of the trial of this action, the union with which Bryson had formerly been connected, had become defunct. As the record shows, he has had no trade union association for many years.

No. 15,882 ✓

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

ANNA VALETTA NOCITA, Claimant of One 1957 Ford
Thunderbird Automobile, etc.,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

Appeal From the United States District Court for the
Southern District of California, Central Division.

BRIEF FOR APPELLANT, ANNA VALETTA
NOCITA.

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Appeal From the United States District Court for the
Southern District of California, Central Division.

**BRIEF FOR APPELLANT, ANNA VALETTA
NOCITA.**

Agents of the United States Treasury Department, on November 24, 1956, at Los Angeles, California, arrested one Roland Nocita, the husband of appellant, and at such time seized the 1957 Ford Thunderbird automobile, the subject of this appeal, and also seized from his person the sum of \$2,140.03 [R. 11-12*]. Separate libels were filed by the United States for forfeiture of the automobile and for forfeiture of the money, upon the grounds that the automobile and money had been used by Roland Nocita in receiving wagers without filing application for a wagering permit and without payment of wagering occupational tax, in violation of Sections 4411 and 4412, Title 26, *United States Code* [R. 3-5, 9-10]. Forfeiture

*References to the printed Transcript of Record are referred to herein as "R.", followed by the page numbers to which reference is made.

was asserted under the provisions of Section 7302, Title 26, *United States Code*.

The appellant herein, Anna Valetta Nocita, the registered owner of the automobile and the purchaser thereof [R. 109-110], filed answer and claim to the vehicle [R. 5-7]. Her husband, Roland Nocita, filed answer and claim to the money. The two actions were consolidated for trial [R. 9]. The Court thereafter rendered judgment in favor of the husband with respect to the money seized, but against the appellant with respect to the automobile. It is the judgment in the latter case which is here appealed.

Jurisdictional Statement.

(1) The jurisdiction of the District Court to hear this case is provided in Title 28, *United States Code*, Section 1355.

(2) The jurisdiction of this Court to review the judgment in question is provided in Title 28, *United States Code*, Sections 1291 and 1294(1).

(3) Pleadings necessary to show the existence of jurisdiction:

- (a) The Libel of Information [R. 3-5];
- (b) Answer to Libel of Information [R. 5-7] and Affidavit in support thereof [R. 7-8];
- (c) The Opinion of the District Court [R. 9-15];
- (d) Objections to Findings of Fact, Conclusions of Law and Judgment [R. 16-17];
- (e) Findings of Fact, Conclusions of Law and Judgment [R. 18-24];
- (f) Notice of Appeal [R. 24-25];
- (g) Statement of Points on Which Appellant Intends to Rely on Appeal [R. 146].

Statutes Involved.

Title 26, *United States Code*, Section 7302:

“It shall be unlawful to have or possess any property intended for use in violating the provisions of the internal revenue laws, or regulations prescribed under such laws, or which has been so used, and no property rights shall exist in any such property. A search warrant may issue as provided in chapter 205 of title 18 of the United States Code and the Federal Rules of Criminal Procedure for the seizure of such property. Nothing in this section shall in any manner limit or affect any criminal or forfeiture provision of the internal revenue laws, or of any other law. The seizure and forfeiture of any property under the provisions of this section and the disposition of such property subsequent to seizure and forfeiture, or the disposition of the proceeds from the sale of such property, shall be in accordance with existing laws or those hereafter in existence relating to seizures, forfeitures, and disposition of property or proceeds, for violation of the internal revenue laws.”

Title 26, *United States Code*, Section 4401(c):

“Each person who is engaged in the business of accepting wagers shall be liable for and shall pay the tax under this subchapter on all wagers placed with him. Each person who conducts any wagering pool or lottery shall be liable for and shall pay the tax under this subchapter on all wagers placed in such pool or lottery.”

Title 26, *United States Code*, Section 4412(a):

“Each person required to pay a special tax under this subchapter shall register with the official in charge of the internal revenue district—

- (1) his name and place of residence;

(2) if he is liable for tax under subchapter A, each place of business where the activity which makes him so liable is carried on, and the name and place of residence of each person who is engaged in receiving wagers for him or on his behalf; and

(3) if he is engaged in receiving wagers for or on behalf of any person liable for tax under subchapter A, the name and place of residence of each such person."

Title 26, *United States Code*, Section 7262:

"Any person who does any act which makes him liable for special tax under subchapter B of chapter 35 without having paid such tax, shall, besides being liable to the payment of the tax, be fined not less than \$1,000 and not more than \$5,000."

Questions Presented.

(1) Is the use of an automobile for transportation in picking up a sum of money, the product of prior wagers, such a use as to constitute it an instrumentality in the "acceptance of wagers," within the meaning of Sections 4401, 4411, 4412 and 7262, Title 26, *United States Code*, so as to render the automobile subject to forfeiture pursuant to Section 7302, Title 26, *United States Code*?

(2) If the answer to (1) is "yes," then was the forfeited automobile sufficiently identified as being the automobile used in picking up the said money?

Specification of Errors Relied Upon.

(1) The District Court was without jurisdiction to render Judgment in the case;

(2) The Findings of Fact, Conclusions of Law and Judgment are not supported by the evidence;

(3) The Judgment is contrary to law.

Summary of the Evidence.

It was stipulated that on November 24, 1956, Roland Nocita, who, prior to that time, had been engaged in a wagering transaction, had not, to that date, filed an application for a wagering permit and had not paid the wagering occupational tax [R. 27]. It was further stipulated that on July 18, 1957, Roland Nocita had pleaded guilty to two counts of an indictment charging him with failure to register for and obtain a wagering permit [R. 131-132; Ex. 13]. It was also agreed that Roland Nocita was at all times the husband of the claimant herein [R. 88].

(1) JAMES P. DONLEY.

I am a special agent with the United States Treasury Department Intelligence Unit, which investigates wagering violations [R. 27-28]. I first saw Roland Nocita on November 20, 1956, in a Ford Thunderbird, 1957, black with a white top, proceeding south on Long Beach Boulevard, at about the intersection of Long Beach Boulevard and Firestone [R. 28]. The car bore a paper license plate, number 0573243 [R. 29]. I followed the car as far as Rosecrans and Lime Avenue and observed it going down Lime Avenue and turning right on San Vicente, where it stopped for a moment and then backed out [R. 30].

The next time I saw Mr. Nocita was approximately six o'clock in the evening of November 24, 1956 [R. 31]. Special Agent Katayama, Special Agent Virgil Crabtree, Deputy Sheriff Gilbert Scholten, Sheriff's Sergeant James Johnson, and Deputy Sheriff Carl Seltzer were with me [R. 31]. I saw a 1957 black Thunderbird parked facing south in about the 6800 block of South Central

Avenue [R. 31]. I did not see Mr. Nocita in the car, but I did see him in custody in the rear seat of one of the deputy sheriff's personal cars [R. 31-32]. Nocita was not arrested by was being detained when I first saw him [R. 32]. Special Agent Katayama and I brought an arrest warrant to Special Agent Crabtree, who handed it to Mr. Nocita [R. 32].

I requested Mr. Nocita to give me the keys to the Thunderbird, so that we could effect the search of it [R. 32]. He did not do so until he was shown the arrest warrant, and at that time obtained the keys from a third party and allowed the search to be made [R. 32]. He said, "I want to take care of my car" [R. 33]. I asked him for the keys to search the car, and he said he did not have them [R. 34]. I asked who had them, and after a lapse of a few minutes he called across to a person on the other side of the street and told him to bring the keys over, that it was all right, and so this man threw the keys over and we searched the Thunderbird [R. 34]. The license number of the Thunderbird we searched was MVY 377 [R. 34]. The plates were metal plates [R. 34]. The Thunderbird was black with a white or cream top, hard top [R. 35]. It was a 1957 car [R. 35].

I later interviewed Nocita in the office of the South Gate Police Department, around 9:40 that evening [R. 35]. Mr. Nocita, Special Agent Crabtree, and myself were present [R. 35]. Mr. Nocita said that he did accept football wagers but that he did not book horse races, and that the money in his possession was for a crap game at the 6800 Club, a smoke shop, that night [R. 36]. He said the markers found in his pockets were not his [R. 36]. About certain pieces of paper, he said, "The markers and the O-sheets are not mine" [R. 37].

He said he was holding them for a person but refused to give the name of that person [R. 37]. He said he was last employed in 1949 as a bartender at the Atlantic Club, in Compton [R. 37]. He said he owned a 1957 Thunderbird in his wife's name, had only made the down payment on it by trading his 1954 Pontiac at Ben Barkley's and was financing both the Thunderbird and a 1957 Ford sedan through a CIT and a PFC, respectively [R. 37]. He said he held the master lease at the smoke shop, paying \$110.00 on the lease, and had formerly subleased it to one Joe Mangiameli, but that, since Mangiameli had been arrested for bookmaking about six months previously, he, Nocita, was stuck with the lease and went there to conduct crap games until the lease was over [R. 38]. The smoke shop referred to is located at 6800 South Central [R. 38].

When asked his occupation, Nocita said, "I more or less invest" [R. 38]. He stated he personally took small football bets from individuals but would re-bet the money with other individuals [R. 38]. He said that he figured he made \$800.00 or \$900.00 a month on his investments, and that is what he reported on his income tax returns [R. 39].

When I observed Mr. Nocita in the car on November 20th, he was alone [R. 39]. I did not see him get out of the car, and as far as I know, he never got out of it [R. 40]. I did not see anyone approach the car at any time [R. 40].

On the occasion at 6:00 P. M. on November 24th, Mr. Katayama and I arrived with a warrant for Nocita's arrest [R. 41]. We did not have a warrant for the seizure of any property, nor did we ever obtain one [R. 41]. The car was directly across the street from Nocita's

place of business when I first observed it [R. 41-42]. The name of the business is the Smoke Shop [R. 42].

When I searched the Thunderbird I found clothing, a golf bag, and some golf balls and clubs, nothing else [R. 44]. I was the person who unlocked the trunk of the car and was the first person to examine it [R. 44]. Mr. Nocita stated that some of the money was not his, but that he had borrowed it that day [R. 45]. At the time the money was removed from Nocita's person, he was sitting in the back seat of the personal automobile of one of the deputy sheriffs and he was handcuffed [R. 46]. He had been under detention less than ten minutes at that time [R. 47]. I did not see Mr. Nocita in the Thunderbird car on November 24th [R. 49].

(2) CARL SELTZER.

I am a deputy sheriff of Los Angeles County, assigned to the vice detail [R. 50]. I was not present on November 24th at the arrest of Mr. Nocita, but I saw him on that date in the back seat of Deputy Scholten's automobile [R. 50]. I was present when the warrant referred to in Mr. Donley's testimony was shown to Mr. Nocita [R. 51]. As Nocita handed the warrant back, he said, "You guys can search me now" [R. 51]. I took part in the search and found numerous pieces of paper, an envelope containing United States currency, and United States currency rolled up in a wad [R. 51]. The pieces of paper which were found are those which have been marked "Exhibits 1 and 2" [R. 52].

I have had special education in vice control, particularly having to do with bookmaking and wagering, have made in excess of two hundred bookmaking investigations, and I have previously testified as an expert witness

regarding bookmakers, how they operate, and their paraphernalia [R. 52-53]. Exhibits 3, 4 and 5 are what are known as scratch sheets, which can be purchased anywhere, two of which I purchased, and one of which was purchased by Special Agent Donley from the National Daily Reporter, the place of publication [R. 53-54]. It is not unlawful to buy a scratch sheet or to possess one [R. 54-55].

My examination of the pieces of paper, Exhibits 1 and 2, indicated that they are betting markers containing symbols and letters denoting the names of horses, bettors or agents, and the amounts wagered on the horses [R. 54-55]. By comparison with Exhibits 3, 4 and 5, I am able to determine that these betting markers contain wagers on horses running at various tracks throughout the United States on Thursday, November 22, and Friday, November 23, 1956 [R. 55]. There is no way of telling whether the bettors received their money or the bookmaker received his money from these sheets [R. 62]. The top sheet of Exhibits 1 and 2 is commonly called an "O-sheet," while the other sheets are called "betting markers" [R. 64]. An O-sheet, in my opinion, denotes the amount of money which comes in to a bookmaker, the amount of money which is to be paid out by a bookmaker, the amount of money that is owed by a bookmaker, and the amount of money that he is to receive [R. 64].

Government's Exhibit 6 is a handwriting exemplar on which the writing is that of Roland Nocita [R. 66].

I observed the Thunderbird parked on Central Avenue on the day of the arrest [R. 67]. It had metal plates, number MVY 377 [R. 67].

To my knowledge, the car had been parked at that place from twelve noon until 6:05 P. M., the time of Nocita's arrest [R. 67]. I watched the automobile during that time [R. 68]. I did not ever see Nocita in the car during that period [R. 68].

During the period from 12 o'clock noon until 6:05 on the day of the arrest, I did not see Mr. Nocita at any time [R. 70]. The location of the Smoke Shop is close to 68th Street and Central Avenue [R. 72]. The address shown as the residence of Nocita on Exhibit 6 of 12411 Gilbert Street, Garden Grove, California, is out of the vicinity of Los Angeles County and is not within my jurisdiction [R. 73]. I believe Garden Grove is in Orange County [R. 73].

On the occasion of the arrest, I was acting in conjunction with the Federal agents and did not make any arrest at all [R. 76-77]. Exhibits 7, 8 and 9 are photostatic copies of checks that were taken from the person of Mr. Nocita on the occasion of his arrest [R. 77-78].

(3) JOHN J. HARRIS.

It was stipulated that John J. Harris is an expert in the examination of questioned documents [R. 79-80].

I compared the handwriting on Exhibits 1 and 2 with the handwriting on Exhibit 6 and came to the conclusion that the word "Thurs." on the face, in the lower left-hand portion, of the first page of Exhibit 1, and "Thur." that appears on the second page, in the lower left-hand corner of that document, and the "Thur." that appears on the reverse side of the third page of that exhibit were written by the same person that executed the handwriting on Exhibit 6 [R. 81].

On Exhibit 2, there is a printed abbreviation, "F-r-i," which appears in the center portion of the front page of that document, written by the same person [R. 81].

(It was then stipulated that the words "Thurs." and "Fri." are in the handwriting of Mr. Nocita.)

(4) ARTHUR KATAYAMA.

I am a special agent in the Intelligence Division of the United States Treasury Department, which division investigates wagering violations [R. 83]. I saw Mr. Nocita for the first time on November 20, 1956, at about 6:00 P. M., when he was driving north on Long Beach Boulevard in a black and white 1957 Ford Thunderbird [R. 83]. The license number on the Ford Thunderbird which I observed was a paper plate, number 0573243 [R. 84]. There was with me Special Agent Crabtree and a woman deputy sheriff [R. 84]. We trailed Mr. Nocita north on Long Beach Boulevard and he suddenly turned right into an auto court, spun around, came back, and started heading south on Long Beach Boulevard [R. 84]. We trailed him to the vicinity of Manchester and South Long Beach Boulevard, where we lost him at a traffic light [R. 84].

I next saw Mr. Nocita on November 24, 1956, at the time of the arrest [R. 84-85]. I saw the black Thunderbird there and noticed the license number, which was a metal plate, number MVY 377 [R. 85]. I had occasion to check with the California Motor Vehicles and found that MVY 377 was the metal plate issued to the paper plate 0573243 [R. 85].

I saw the car again on November 26, 1956, when I was inventorying it for a seizure report [R. 85]. The Thunderbird seized was the same Thunderbird that I have previously testified about [R. 86].

The legal owner of the automobile was the Universal CIT Credit Corporation and the registered owner was Anna Valetta Ewing [R. 86]. When I saw the car on the 26th, it was in the General Services Administration garage, at 788 North Main Street, Los Angeles [R. 87].

(It was stipulated that Mr. Nocita's driver's license was found by the witness in the glove compartment of the automobile [R. 87; Ex. 10].)

On the occasion that I saw Mr. Nocita on November 20th, I saw him drive a Ford Thunderbird for a few blocks and then lost him [R. 89]. During this period he was alone in the car at all times [R. 89-90]. He stopped for a traffic light but did not get out of the car, nor did anyone approach the car, on foot or otherwise [R. 90].

(5) EDWIN WALKER COMSTOCK.

My occupation is printing and publishing, at 1503 East Olive, in Compton [R. 90-91]. I recognize Roland Nocita as the person I knew as "Fred" [R. 91]. He came to me on business [R. 92].

(6) RUDOLPH F. VINCELLI.

I am the owner of a cocktail bar [R. 92]. I was an agent for Mr. Nocita in the bookmaking business, and also personally bet with him [R. 93]. I was an agent for him in 1956, up to the time I was arrested, at 6:30 at night, some evening in November [R. 93]. I took wagering bets and turned them in to him and got a percentage [R. 94]. If the people won, he would give me the money to pay them off [R. 94-95]. I would take the bets and the money and turn it over to Mr. Nocita during the month of November [R. 95].

I came into personal contact with Mr. Nocita on just one occasion; one evening he came to my place [R. 95].

That was in about the second week of November [R. 95-96]. He was in a black Thunderbird [R. 96]. This is the only time I saw him drive a Thunderbird [R. 96]. He came to collect some money from me which was due from wagering, I paid him, and he left [R. 97]. He did not give me any bets at that time, nor did I give any to him [R. 97].

I was an agent for Mr. Nocita, but I had only seen him one time, so far as "money transaction" is concerned [R. 98]. After I got arrested, I was not his agent any more [R. 98]. I don't remember the exact date, but it was a Friday night in the middle of November that I was arrested [R. 98].

My place of business is 8218 Long Beach Boulevard, South Gate [R. 100]. It was after dark that Mr. Nocita came to my place [R. 100]. The first time I saw him on that occasion he was already in my place of business [R. 100-101]. When he left, I walked to the exit in the rear with him and walked right to the door [R. 101]. I saw him get into an automobile [R. 101]. I am not too familiar with the various makes of automobiles, but I was fascinated by this automobile and thought it was a foreign car [R. 101]. Nocita told me it was a Thunderbird [R. 101]. I observed the color of the car but did not observe whether it had more than one tone [R. 101-102]. I did not look on the inside of the car nor observe the license plates [R. 102]. I have seen Mr. Nocita from time to time in various cars [R. 102]. I never saw the car that he was driving that night before or since that time [R. 102]. I did not observe whether the car had a paper or metal license plate [R. 102].

This was the only occasion on which Mr. Nocita ever came to my place of business to pick up money [R. 103].

He had it coming for football bets which I had made with him for customers of mine [R. 103-104]. I was to receive 25% as my profit, and I had taken my 25% out of the money I paid Nocita [R. 104]. I do not remember how much I received [R. 104], or how much I paid Nocita [R. 103]. I was to receive 25% of the winnings [R. 104]. No one was with Mr. Nocita on this occasion [R. 104]. I knew he was coming on this occasion, as he had called me to let me know he was coming [R. 105]. Nothing else was done on that occasion, except he picked up his part of the winnings [R. 105]. No additional bets were placed [R. 105].

(7) ARTHUR KATAYAMA (RECALLED).

The speedometer reading on the Thunderbird which was seized was 1,158 miles when I looked at it two days after the seizure [R. 106]. It was then at the storage place and not at the place the seizure had been made [R. 106]. The car had been purchased on November 2, 1956, and seized on November 24 [R. 106].

(8) CHARLES M. DOSMANN.

I am office manager for Ben Barkley Motors, a Ford dealership [R. 108-109]. I have produced the records relating to the sale of a 1957 Thunderbird [R. 109]. The car was purchased November 2, 1956, by Anna Valetta Ewing [R. 110]. A paper license number was issued on the car, being number 0573243 [R. 110]. According to our records, the car was serviced on November 23, at which time the mileage was 1,120 miles [R. 111]. Government's Exhibit 12 is the credit application form filed by Anna Valetta Ewing at the time of the purchase of the car [R. 113].

(9) ARTHUR HIGGINSON.

My occupation is a stevedore, employed by the Pacific Maritime Association [R. 114]. I recognize Mr. Nocita, although I don't know his name [R. 114-115]. You have shown me Exhibit 7, which is a photostat of one of my pay checks, and I identify my signature thereon [R. 115]. Roland (Nocita) cashed it for me [R. 115]. I gave it to him at the Smoke Shop and asked him to cash it for me [R. 116]. I gave him the check and got the money and then paid him some bets that I owed him, approximately \$10.00 [R. 117]. I had made those bets a day or two before on the horses [R. 117-118]. I did not make any further bets with him at that time [R. 118]. The Smoke Shop I referred to is on Central Avenue, I think about the 6600 block [R. 118]. I was apparently paid on the 24th, Saturday, and cashed the check on that date [R. 120-121]. The transaction of making the wager and the transaction of paying the wager were both made inside the Smoke Shop [R. 123].

(10) JAMES B. JOHNSON.

I am a deputy sheriff, attached to the Los Angeles County Vice Detail [R. 124]. I saw Mr. Nocita on November 24th and was the first man to reach him when he was apprehended [R. 124]. I had in my company Special Agent Crabtree and Deputy Sheriff Gil Scholten [R. 124]. I first saw Mr. Nocita come out of the Smoke Shop at 6717 Central and start to walk across the street [R. 124]. I saw a black Thunderbird parked across the street [R. 125]. I encountered Mr. Nocita in the alley on 68th Street and Central and told him he was under arrest on the strength of a Federal warrant [R. 125]. Mr. Nocita said, "Don't touch me until I see the war-

rant" [R. 125]. As we were walking across the street he said, "I want you to take care of that car, it is mine," and pointed towards the black and white Thunderbird [R. 126]. I said, "You mean the Thunderbird?", and he said, "Yes" [R. 126].

I had been outside of the Smoke Shop from 12:00 noon to 6:05 [R. 126]. About twenty minutes to a half an hour before the apprehension, I had seen a warrant in the hands of Arthur Katayama, United States Treasury Department [R. 127]. When I placed him under arrest I took him directly across the street to Deputy Scholten's car [R. 129]. During the entire period from 12:00 o'clock noon until I placed him under arrest, I never saw Mr. Nocita either in or around the Ford Thunderbird [R. 130]. The license number of the Thunderbird was a metal plate, number MVY 377 [R. 130].

(11) WALTER O. BARRETT.

My occupation is salesman and bartender [R. 133]. I am acquainted with Mr. Nocita and knew him during the month of November, 1956 [R. 133]. At that time I resided at 14651 South Lime Avenue, in Compton, near the intersection of San Vicente and Lime Avenue [R. 133]. I shared that apartment with Mr. Nocita, who paid part of the rent [R. 134]. My telephone number there was NEvada 6-7892, and I had a second 'phone, which may have been NEvada 6-6321 [R. 134]. I don't know whether 6-7892 was in my name or not [R. 134].

The apartment was rented in my name and I lived there, but I didn't stay there very much, maybe a couple of nights a week, but it was my apartment [R. 135]. I did not use the apartment for any reason other than living [R. 135]. I left at 8:00 in the morning and got home at

10:00 at night when I stayed there [R. 135]. I have a friend in Long Beach that I visit [R. 135]. I accepted football cards and I left them in my apartment [R. 136]. I bet my football card myself, or a few of the boys who worked with me, and left them in the partment [R. 136]. I never did win and was never paid money by anyone [R. 137]. I left money with the cards [R. 137]. Mr. Nocita had a key to the apartment and paid half the rent [R. 137].

Mr. Nocita did not live in this apartment, but to my knowledge had a home in Garden Grove, in Orange County [R. 138]. I know that somebody else other than Mr. Nocita used the apartment during the day [R. 138]. Mrs. Nocita did not use the apartment [R. 138]. I don't know Mrs. Nocita [R. 138], but she was not living there [R. 138]. To my knowledge, Mrs. Nocita was never at the apartment [R. 139].

(12) GILBERT E. SCHOLTEN.

I am a deputy sheriff of Los Angeles County, assigned to the Vice Detail [R. 139]. The Vice Detail investigates bookmaking activities [R. 140]. On November 20th, 1956, I observed Mr. Nocita at the corner of Cole Place and Long Beach Boulevard, in the City of South Gate, California, where he was driving a 1957 Ford Thunderbird, paper plate number 0572343 [R. 140]. I did not follow him [R. 140]. I had occasion to see him again during the course of the day, approximately 10 or 15 minutes later, at the corner of San Vicente and Lime Avenues, in Compton, California [R. 140]. He was in the same Thunderbird when I saw him, and he got out of the car [R. 140]. I believe he was alone at that time, although I am not sure [R. 140-141].

At this point the Government rested its case and, after a colloquy with the Court [R. 141-142], a motion to dismiss the libels on the basis that they were not supported by the law and were not supported by the evidence was withdrawn, and the defendants rested. After arguments by counsel, the case was submitted to the Court for judgment [R. 143].

Summary of Argument.

Briefly summarized, the argument advanced by the appellant is as follows:

(1) The forfeited automobile was not identified as having been used in the acceptance of wagers;

(2) The act of receiving money, the product of wagers previously made, by one who has not paid the wagering occupational tax, is not *per se* a violation of the Internal Revenue Code;

(3) The use of an automobile as transportation to and from the place where money, the product of wagers previously made, is collected by one who has not paid the wagering occupational tax is not a use of the vehicle in violation of the Internal Revenue Code.

ARGUMENT.

I.

The Forfeited Automobile Was Not Identified as Having Been Used in the Acceptance of Wagers.

The evidence produced by the Government to sustain its charge that the seized automobile was “used by said Roland Nocita in receiving wagers” consists solely of the testimony of Rudolph Vincelli. As stated by the distinguished trial judge, in his opinion:

“Although Government witnesses placed Roland Nocita in the Thunderbird at various times immediately before the arrest, nevertheless, there is no evidence before the Court that the automobile was used (other than for the transportation of Roland Nocita) in a wagering transaction, except in one isolated instance.

Witness Rudolph F. Vincelli testified that he had placed bets for Roland Nocita and in November, 1956, Roland Nocita came into his place of business to pick up some money due him on some of the bets; that he paid to Roland Nocita the money and after payment had been made that he walked out of the premises with Roland Nocita to a parking lot where Roland Nocita pointed out the Thunderbird automobile as being his car; got into it and drove away. As far as this transaction is concerned the Thunderbird was used to transport Roland Nocita to and from the premises in question for the purpose of collecting money due on a bet. This was the only evidence produced to show the Thunderbird automobile had been used by Roland Nocita when he was engaged in the business of accepting wagers.” [R. 13-14.]

Actually, without the reporter's transcript of the testimony of Vincelli then available, the Court (and, it must be confessed, this counsel) fell into two errors: (1) Nocita did not identify the car he was driving on that occasion as belonging to him (or to anyone else, for that matter); and (2) Vincelli completely failed to identify the car then used as being the same car that was subsequently seized by the agents of the Treasury Department.

All of Vincelli's testimony regarding the identity of the car driven by Nocita is as follows:

"The Court: What kind of a car was he in?

The Witness: He was in a black Thunderbird.

The Court: Do you know what year it was?

The Witness: Well, it was a new car.

The Court: That is all you know, that it was a new car?

The Witness: A new car. You see, I don't drive and I don't know.

The Court: And this is the only time you saw him?

The Witness: Yes, sir.

The Court: And this is the only time you saw him drive a Thunderbird?

The Witness: Yes, sir." [R. 96.]

* * * * *

"Q. . . . What time of day was it that Mr. Nocita came to your place of business? A. He came in the evening.

Q. Was it after dark? A. Yes, it was after dark.

Q. Did he come into your place? A. Yes, sir.

Q. That was the first time that you saw him, that he was in your place? A. Oh, no, he has been in my place before.

Q. No. On that occasion did you see him arrive—did you see him outside the door of your place before he came in? A. No, I didn't see him outside my place before he came in.

Q. So the first time you saw him on that occasion, he was already in your place of business; is that correct? A. That's right.

Q. Did you see him leave that evening? A. Yes, sir.

Q. Where were you when he left? A. I was with him. I walked to the rear with him.

Q. You walked to the rear? A. I walked to the rear, to the exit. I got two. I call it the rear.

Q. Did you go outside of the place of business on that occasion? A. Well, I walked right to the door.

Q. And did you see him get into an automobile on that occasion? A. Yes.

Q. You are familiar, of course, with the various makes of automobiles? A. Not too familiar.

Q. But you know one car from another? A. Well, because I was told.

Q. By whom? A. By Mr. Nocita.

Q. What was the conversation? A. Well, I was fascinated by the automobile. I thought it was a foreign car.

Q. And what did you say? A. So that is why he laughed, and told me what it was.

The Court: What did he tell you?

The Witness: He told me it was a Thunderbird.

Q. (By Mr. Campbell): Did you observe the color of the car? A. Yes.

Q. Did you observe whether it had more than one tone? A. I didn't observe that much, no, sir.

Q. Did you observe the color, whether the upholstery was contrasting or a similar color to the outside of the car? A. I didn't look on the inside.

Q. Did you observe the license plates? A. No, sir.

Q. You have seen Mr. Nocita from time to time in various cars, have you not? A. Yes, sir.

Q. Is this the only time you saw him in the car that you refer to as having seen on that occasion?

A. Yes, sir.

Q. You never saw that car before or since; is that right? A. No, I haven't seen it. That was the first time I seen it, that time.

Q. And that was the last time you saw it? A. That's right.

Q. Did you jot down, or do you recall the license number? A. No, sir.

Q. Did you observe whether it had a paper or a metal license plate? A. No, I did not." [R. 100-102.]

Thus, Vincelli's identification is limited to the fact that the car he saw was *black*, that he did not observe whether it had more than one tone, and that Nocita told him the car was a Thunderbird.

On the other hand, the car which was seized, and which is the subject of this action, while also a Thunderbird, was clearly identified by the seizing officers as being two-toned, *i.e.*, a black body with a white top [Special Agent Donley, R. 28-29, 35; Special Agent Katayama,

R. 83]. If Nocita had stated to Vincelli that the Thunderbird he was driving on that occasion was his (Nocita's), then there might have been, as found by the Judge, an inference that it was the seized automobile, despite the difference in identification. But lacking such a statement, and bearing in mind Vincelli's testimony that he had seen Nocita from time to time in various cars, no inference arises that the cars were one and the same.

It is submitted that a black and white car is, at the least, eye-catching. This Court will undoubtedly take judicial notice that many police and other law enforcement agencies use these contrasting colors on their official vehicles for the very reason of such distinctive appearance. Even the most innocent of motorists becomes acutely aware of a black and white car in the immediate vicinity. Certainly Vincelli, with his more than passing glance at the car driven by Nocita, leading him to ask its make, would have noticed such distinctive markings.

Although the libel states that the Ford Thunderbird seized November 24, 1956, is in custody of the Internal Revenue Service, stored in a Government garage, and in the jurisdiction of the District Court [R. 4], it appears obvious that Vincelli either was not called upon by the Government to examine the seized car for purposes of identification, or, having been so called, failed to identify the seized car as being the one observed by him on the occasion concerning which he testified. This conclusion is based upon Vincelli's testimony that he had never seen the car identified before or *since* the one occasion [R. 102].

II.

The Act of Receiving Money, the Product of Wagers Previously Made, by One Who Has Not Paid the Wagering Occupational Tax Is Not a Violation of the Internal Revenue Code.

The Libel of Information [R. 3-5] charged that a “certain 1957 Ford Thunderbird automobile . . . had been used unlawfully to further violations of Title 26, *United States Code*, Sections 4411 and 4412, as follows: That said automobile had been used by said Roland Nocita in receiving wagers without filing application for a wagering permit, and without payment of wagering occupational tax, with intent to defraud the United States of said taxes, and in violation of said Sections 4411 and 4412, Title 26, *United States Code*” [R. 3-4].

Title 26, *United States Code*, Section 4411, provides that there shall be imposed a special tax of \$50.00 per year, to be paid by each person who is liable for tax under Section 4401 or who is engaged in receiving wagers for or on behalf of any person so liable.

Title 26, *United States Code*, Section 4401(c), provides that each person engaged in the business of accepting wagers shall be liable for and shall pay the tax on all wagers placed with him.

Title 26, *United States Code*, Section 4412(a), provides: “Each person required to pay a special tax under this subdivision shall register with the official in charge of the internal revenue district. . . .”

Title 26, *United States Code*, Section 7262, defines the violation of the occupational tax law relative to wagering as follows: “Any person who does any act which makes him liable for special tax . . . shall . . . be fined”

Thus, as pointed out by the District Court for the District of Columbia in *United States v. Greene*, 141 Fed. Supp. 856, 859, the offense in violation of Sections 4411 and 4412, *supra*, “. . . is not the failure to pay the special occupational tax imposed on persons engaged in the business of accepting wagers or receiving wagers for or on behalf of a person so engaged, but is the doing of any act which makes the defendant liable for the special tax . . .” In other words, the offense is complete when the wager is accepted, without having first paid the occupational tax and registered with the Director of Internal Revenue.

A wager is essentially a contract between two or more persons to pay or receive money or property, dependent upon the outcome of some event. It becomes complete upon the meeting of the minds of those involved as to the terms and conditions thereof. Depending upon such terms, the money or property to be paid need or need not be posted. The existence of the wager is not dependent upon whether or not the winner is ultimately paid. This fact is apparently recognized by the Internal Revenue Code in its definition of a “wager” for the purposes of taxation. Section 4421(1), Title 26, *United States Code*, states:

“The term ‘wager’ means—(A) any wager with respect to a sports event or a contest placed with a person engaged in the business of accepting such wagers . . .”

Reading Section 4421(1)(A) in conjunction with Section 4401(c), *supra*, it is clear that the taxable event is the making of the wager. It is clear that for the purpose of imposing and collecting the tax, the Internal Revenue

agents would not have to show that the wager had subsequently been paid, nor, conversely, would it be a defense for one engaged in the business of accepting wagers to show that he had not received the fruits of the transaction or paid his losses. Neither by statute nor regulation is the payment or receipt of the stakes of a wager denounced as a violation of the Internal Revenue Code. Actually, the Commissioner of Internal Revenue has consistently adopted the position that the profits of gambling transactions are taxable, under the income tax laws, and has as consistently been upheld in this position by the Courts.

As stated by this Court in *Campodonico v. United States* (C. A. 9), 222 F. 2d 310 at 314, cert. den., 350 U. S. 831:

“ . . . it is too well settled to require citation of authority that such winnings [from gambling] constitute taxable income.”

The automobile in the instant case was claimed only to have been used for the purpose of picking up money, the fruit of previous wagers, and not in the acceptance of the wagers themselves. The trial Judge recognized this problem in the following rationalization:

“If §4401(c) is limited to accepting wagers, then the automobile was not used in the accepting of wagers. However, the term ‘accepting wagers’ should include not only the acceptance of the wagers but also payment of money, if those who gave the wagers were successful in obtaining a payoff.” [R. 14.]

In this statement the Judge has apparently assumed that the tax is also upon one who “gives” wagers, whereas Section 4401(c), to which he makes reference, only applies to the person who “accepts” the wager.

It would appear, however, that if the trial Judge's reasoning was correct and the payment of money is included in the term "accepting wagers," so as to make subject to forfeiture an automobile used for transportation to the place of payment, the money itself would clearly be subject to forfeiture, since, under the terms of the statute, it was used in "violating the provisions of the internal revenue laws," in that no occupational tax had been paid by the acceptor of the money. If this be true, then, according to Section 7302, Title 26, *United States Code*, "no property rights shall exist in such property." Such receipts, therefore, are not income to the recipient, and hence not subject to inclusion in reporting his income for purposes of income taxation. This would modify a long line of cases holding that income from illegal sources, and specifically bookmaking, is taxable income.

We have found no reported cases where money has been forfeited by the United States by reason of violations of the Internal Revenue Code. *Corpus Juris Secundum*, relying on decisions from various states, however, states the general rule as follows:

"Money is not ordinarily itself an instrument of gambling or subject to seizure and confiscation as such an instrument, but is generally the stake for which men gamble and therefore not subject to confiscation as a gambling device, although under some circumstances money may itself be used as a gambling device, as where men gamble on the toss of a coin, and money may become subject to seizure along with regular gambling apparatus where it has become an integral part of the illegal gambling operation."

38 *C. J. S.*, p. 136.

It is submitted that the trial Judge, in his efforts to justify the forfeiture of the automobile here in question, has by judicial determination sought to put into the statute something that is not there by the clear words of the law. The acceptance of the winnings or payment of the losses resulting from the wagering transaction, not being a violation of the Internal Revenue Code, could hardly be the predicate for forfeiture of the money as being used in the "acceptance of wagers." Hence, the act of receiving the money, although some evidence of the preceding wager, would not in itself be a violation, so as to subject property used in such acceptance to forfeiture under the terms of Section 7302, *United States Code*.

Some mention should be made of the far-reaching effect of the District Court's decision, if it be upheld. For example, Sections 7201 to 7274, Title 26, *United States Code*, detail a variety of violations of the Internal Revenue Code, running the gamut from attempting to evade taxes to failure to print the factory number on packages of white phosphorus matches. Would the money and property of the alleged tax evader, or the factory and machinery of the firm which allegedly failed to print the factory number, provided the same were used in some manner in the offense or were the result or profit thereof, be subject to forfeiture, in addition to the taxes and penalties otherwise provided by law? Bearing in mind that the *quantum* of proof necessary to establish the Government's right to the civil penalty is far less rigorous than that required in a criminal prosecution, the Government could, indeed, wreak an awful vengeance on a claimed wrong-doer, but without the restriction of proof beyond a reasonable doubt, subjecting him to loss of his property without relief from the ensuing taxes and penalties.

III.

The Use of an Automobile as Transportation to and From the Place Where Money, the Product of Wagers Previously Made, Is Collected by One Who Has Not Paid the Wagering Occupational Tax, Is Not a Use of the Vehicle in Violation of the Internal Revenue Code.

The Supreme Court has clearly indicated that an automobile used solely for transportation to and from the scene of an activity denounced by internal revenue laws is not itself used in such violation. In *United States v. Lane Motor Company*, 344 U. S. 630, 97 L. Ed. 622, 73 S. Ct. 459, the Court states:

“We think it clear that a vehicle used solely for commuting to an illegal distillery is not used *in* violating the revenue laws.” (Emphasis the Court’s.)

Assuming that the automobile driven by Nocita on the occasion when he picked up the money from Vincelli is the same car that was subsequently seized by the internal revenue agents, yet it cannot be said that the car was used *in* an illegal transaction. Even if the collection of the money be assumed a part of the “accepting of wagers,” the car was not used as the locale of such payment. Nor does the carrying of non-tax paid money on the person of Nocita while he drove the car so taint the vehicle as to cause the loss of its title.

Conclusion.

It is respectfully submitted that the judgment appealed from should be reversed.

WALTER M. CAMPBELL,
Attorney for Appellant.

No. 15882

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

ANNA VALETTA NOCITA, claimant of ONE 1957 FORD
THUNDERBIRD AUTOMOBILE, MOTOR No. D7FH116357,
its tools and appurtenances,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

APPELLEE'S BRIEF.

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No. 15882

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APPELLEE'S BRIEF.

Jurisdiction.

The United States District Court had jurisdiction to render its judgment in the action entitled *United States of America v. One 1957 Ford Thunderbird Automobile*, Motor No. D7FH116357, its tools and appurtenances, Civil No. 590-57 HW, pursuant to the authority contained in Title 28, United States Code, Section 1355. There is no dispute that the libelled automobile and the appellant resided within the Central Division of the Southern District of California.

This Court has jurisdiction of this appeal from the Findings of Fact, Conclusions of Law and Final Judgment of the District Court [T. R. 23] in favor of appellee and against the appellant ordering the said 1957

Ford Thunderbird Automobile, Motor No. D7FH116357, its tools and appurtenances, condemned and forfeited to the United States of America. Under the provisions of Title 28, United States Code, Sections 1291 and 1294(1) said judgment and order was a final decision of the District Court.

Statutes Involved.

Title 26, United States Code, Section 4401(a)(b)(c).

“§4401. Imposition of tax

- (a) Wagers.—There shall be imposed on wagers, as defined in section 4421, an excise tax equal to 10 percent of the amount thereof.
- (b) Amount of wager.—In determining the amount of any wager for the purposes of this subchapter, all charges incident to the placing of such wager shall be included; except that if the taxpayer establishes, in accordance with regulations prescribed by the Secretary or his delegate, that an amount equal to the tax imposed by this subchapter has been collected as a separate charge from the person placing such wager, the amount so collected shall be excluded.
- (c) Persons liable for tax.—Each person who is engaged in the business of accepting wagers shall be liable for and shall pay the tax under this subchapter on all wagers placed with him. Each person who conducts any wagering pool or lottery shall be liable for and shall pay the tax under this subchapter on all wagers placed in such pool or lottery. Aug. 16, 1954, 9:45 a.m., E. D. T., c. 736, 68A Stat. 525.”

Title 26, United States Code, Section 4411.

“§4411. Imposition of tax

There shall be imposed a special tax of \$50 per year to be paid by each person who is liable for tax under section 4401 or who is engaged in receiving wagers for or on behalf of any person so liable. Aug. 16, 1954, 9:45 a.m., E. D. T., c. 736, 68A Stat. 527.”

Title 26, United States Code, Section 4412.

“§4412. Registration

(a) Requirement.—Each person required to pay a special tax under this subchapter shall register with the official in charge of the internal revenue district—

(1) his name and place of residence;

(2) if he is liable for tax under subchapter A, each place of business where the activity which makes him so liable is carried on, and the name and place of residence of each person who is engaged in receiving wagers for him or on his behalf; and

(3) if he is engaged in receiving wagers for or on behalf of any person liable for tax under subchapter A, the name and place of residence of each such person.

(b) Firm or company.—Where subsection (a) requires the name and place of residence of the several persons constituting the firm or company shall be registered.

(c) Supplemental information.—In accordance with regulations prescribed by the Secretary, he or his delegate may require from time to time such

supplemental information from any person required to register under this section as may be needful to the enforcement of this chapter. Aug. 16, 1954, 9:45 a.m., E. D. T., c. 736, 68 A Stat. 527.”

Title 26, United States Code, Section 7302.

“§7302. Property used in violation of internal revenue laws.

It shall be unlawful to have or possess any property intended for use in violating the provisions of the internal revenue laws, or regulations prescribed under such laws, or which has been so used, and no property rights shall exist in any such property. A search warrant may issue as provided in chapter 205 of title 18 of the United States Code and the Federal Rules of Criminal Procedure for the seizure of such property. Nothing in this section shall in any manner limit or affect any criminal or forfeiture provision of the internal revenue laws, or of any other law. The seizure and forfeiture of any property under the provisions of this section and the disposition of such property subsequent to seizure and forfeiture, or the disposition of the proceeds from the sale of such property, shall be in accordance with existing laws or those hereafter in existence relating to seizures, forfeitures, and disposition of property or proceeds, for violation of the internal revenue laws. Aug. 16, 1954, 9:45 a.m., E. D. T., c. 736, 68A Stat. 867.”

Statement of the Case.

This is an appeal from a decision of the District Court condemning and forfeiting One 1957 Ford Thunderbird Automobile, Motor No. D7FH116357, its tools and appurtenances, to the United States of America for its use by Roland Nocita in, and as an active aid to, his wager-

ing business in violation of the internal revenue laws concerning wagering; to-wit: Sections 4411 and 4412 of Title 26, United States Code.

Appellant is the claimant and registered owner of the subject Ford Thunderbird Automobile. She is also the wife of Roland Nocita. The evidence, as later discussed, will show that Roland Nocita used the vehicle with appellant's consent and permission in, and as an active aid to his wagering business, which business he was conducting prior to and up until November 24, 1956, so as to subject the car to forfeiture. During the times in question Mr. Nocita had not filed an application for a wagering permit nor had he ever paid his wagering occupational tax. Also, he had never registered with the official in charge of the internal revenue district as a person required to pay a special tax pursuant to Section 4412 of Title 26, United States Code. [T. R. 27.]

On or about November 24, 1956, duly authorized and acting investigators of the Intelligence Division, Internal Revenue Service, Treasury Department of the United States, seized the said 1957 Ford Thunderbird automobile in the City of Los Angeles, County of Los Angeles, State of California. Thereafter, the Government filed its Libel of Information [T. R. 3] wherein it alleged the illegal use of the vehicle by Mr. Nocita in his wagering activities which subjected the car to condemnation and forfeiture.

The appellant filed an Answer to the Government's Libel. After the conclusion of the Trial the District Court gave judgment in favor of the Government and ordered the condemnation and forfeiture, to the United States, of the 1957 Ford Thunderbird automobile, Motor No. D7FH116357, its tools and appurtenances.

Summary of Argument.

I.

THE EVIDENCE SUPPORTS THE TRIAL COURT'S FINDINGS THAT THE 1957 FORD THUNDERBIRD AUTOMOBILE, ITS TOOLS AND APPURTENANCES, WAS USED BY ROLAND NOCITA IN RECEIVING WAGERS AND AS AN ACTIVE AID TO AND FACILITATION OF HIS BOOKMAKING BUSINESS.

II.

THE JUDGMENT IS NOT CONTRARY TO LAW BECAUSE THE USE BY ROLAND NOCITA OF THE SEIZED AUTOMOBILE TO RECEIVE WAGERS AND TO AID AND FACILITATE HIS WAGERING BUSINESS, COMES WITHIN THE MEANING OF SECTION 7302 OF THE INTERNAL REVENUE CODE WHICH SUBJECTS AN AUTOMOBILE TO FORFEITURE WHEN IT IS . . . "INTENDED FOR USE IN VIOLATING . . . THE INTERNAL REVENUE LAWS. . . . OR WHICH HAS BEEN SO USED" . . .

ARGUMENT.

I.

The Evidence Supports the Trial Court's Findings That the 1957 Ford Thunderbird Automobile, Its Tools and Appurtenances, Was Used by Roland Nocita in Receiving Wagers and as an Active Aid to and Facilitation of His Bookmaking Business.

The evidence introduced at the trial of this case clearly showed that Roland Nocita was a gambler and a bookmaker. He engaged in his bookmaking activities without filing an application for a wagering permit and without paying the wagering occupational tax. These facts were admitted by Mr. Nocita and were introduced in evidence by way of stipulations between counsel. [T. R. 27.] It is also to be noted that in the course of the stipulations it is shown that Mr. Nocita was engaging in wagering transactions right up until November 24, 1956, the date on which the 1957 Ford Thunderbird was seized. [T. R. 27.]

“Mr. Jacobson: There is still the matter of the stipulation.

Mr. Campbell: Yes; I will enter into the stipulation that at the time involved, namely, the 24th day of November, 1956, that Roland Nocita had not to that date filed an application for a wagering permit, and had not paid the wagering occupational tax.

The Court: I don't suppose you will admit that your client was engaged in a wagering transaction at this particular time?

Mr. Campbell: On that date, no. Prior to that date there is no question.”

James P. Donley, a Special Agent with the United States Treasury Department, Intelligence Division, who

investigates wagering violations [T. R. 27, 28] testified that he first saw Roland Nocita on the evening of November 20, 1956, driving a 1957 Ford Thunderbird automobile; that the automobile was black with a white top and that it bore the paper license plate No. 0573243; that on November 20, 1956, he followed Mr. Nocita in the Thunderbird automobile to approximately the intersection of San Vicente and Lime Avenue in Compton, California, where the car stopped for a moment; that he next saw the Ford Thunderbird automobile on November 24, 1956, at approximately 6:00 o'clock in the evening parked in the 6800 block on South Central Avenue [T. R. 31]; at that time and place he saw Mr. Nocita being detained by officers, and he asked Mr. Nocita to give him the keys to the Thunderbird so that he could search it; that Mr. Nocita replied "I want to take care of my car" [T. R. 33], indicating the Thunderbird; that Mr. Nocita then called out to someone in the crowd across the street to turn the keys over and a man threw the keys over, which he, Mr. Donley, picked up and found to be the keys that fitted that Ford Thunderbird automobile; that at that time the license on the said Ford Thunderbird automobile with the black body and white top was a metal plate with the numbers and letters MVY 377. [T. R. 34.]

Mr. Donley further testified that he interviewed Mr. Nocita in the office of the South Gate Police Department around 9:40 that evening [T. R. 35]; that he questioned Mr. Nocita and referred to pieces of paper found in Mr. Nocita's pockets; that Mr. Nocita said, "The markers and the 'O'-sheets are not mine" [T. R. 37]; that Mr. Nocita further stated he had not worked since 1949 when he was employed as a bartender at the Atlantic

Club in Compton; that he owned a 1957 Ford Thunderbird in his wife's name, had only made the down payment on it by trading his 1954 Pontiac at Ben Barkleys and was financing both the Thunderbird and a 1957 Ford Sedan through a C.I.T. and P.F.C., respectively. Mr. Nocita said he held a master lease at a place called the "Smoke Shop" located at 6800 South Central Avenue; and Mr. Nocita admitted that he took small football bets from individuals. [T. R. 38.]

Carl Seltzer, testified that he was a Deputy Sheriff of Los Angeles County, assigned to the Vice Detail which investigates bookmaking; that he saw Roland Nocita on November 24, 1956, and was present at Mr. Nocita's arrest; that he took part in the search of Mr. Nocita and recovered numerous pieces of paper and an envelope containing United States currency [T. R. 51]; that he had extensive experience in the investigation and control of bookmaking and wagering and had previously testified as an expert witness regarding bookmakers, how they operate, and the paraphernalia they use [T. R. 52, 53]; that the papers found on the person of Roland Nocita on November 24, 1956, at the time of his arrest, were "O"-sheets and betting markers on which bets were recorded on horse races; that all the betting transactions indicated on the sheets of paper taken from Mr. Nocita were for bets on races run on November 23, 1956, and on November 22, 1956. The Court commented that according to the exhibits approximately 375 transactions appeared for each date. Therefore, there were better than 750 transactions in all. Mr. Seltzer also testified that he observed a Thunderbird with a metal plate license number MVY 377 parked on Central Avenue near 68th Street on the day of the arrest.

Mr. John J. Harris was then called as a witness for the Government. It was stipulated that he is an expert in the examination of question documents. It was further stipulated during the course of Mr. Harris' examination that the words "Thurs" and "Fri" which appeared on the betting markers and "O"-sheets were in the handwriting of Mr. Nocita. [T. R. 79-82.]

Mr. Arthur Katayama testified that he was a special agent with the Intelligence Division of the Treasury Department; that he checked with the California Motor Vehicle Department and found that the metal license plate MVY 377 was issued to the paper license 0573243; that he saw Mr. Nocita driving the 1957 Ford Thunderbird on November 20, 1956. During Mr. Katayama's testimony it was stipulated that Mr. Nocita's driver's license was found by Mr. Katayama in the glove compartment of the automobile. Mr. Katayama testified that two days after the seizure of the vehicle its speedometer had a reading of 1158 miles. [T. R. 83-107.]

Mr. Rudolph F. Vincelli testified that he owned a cocktail bar and that he was an agent for Mr. Nocita in the taking of wagers; that he took bets, turned them in to Mr. Nocita, and got a percentage; that sometime after the middle part of November, Mr. Nocita visited him in his bar, and that he at that time turned over to Mr. Nocita some money that Mr. Nocita had coming to him as a result of some of the bets that he, Mr. Vincelli, had taken for him; that he then accompanied Mr. Nocita to the parking lot in back of the rear entrance to the bar; and that Mr. Nocita told him it was a Ford Thunderbird automobile that he got into and he testified that it was a black car; that Mr. Nocita drove off in this black

Thunderbird automobile with the collections from the wagers that had been placed for him by Mr. Vincelli. [T. R. 92-105.]

Mr. Charles M. Dosmann testified that he was an Office Manager for Ben Barkley Motors, a Ford dealership; that on November 2, 1956, the subject automobile was purchased by Mrs. Nocita under the name of Anna Valetta Ewing; that paper license number 0573243 was issued to that car, and records indicated that the Thunderbird was serviced on November 23, 1956, at which time the mileage was 1120 miles. [T. R. 108.]

Mr. Arthur Higginson testified that he cashed his pay check with Mr. Nocita at the Smoke Shop on Central Avenue, and paid him some money that was owing to Mr. Nocita as a result of bets placed by Mr. Higginson. [T. R. 114.]

Mr. James B. Johnson testified that he was a Deputy Sheriff attached to the Los Angeles County Vice Detail which investigates bookmaking; that he apprehended Mr. Nocita on November 24, 1956; that he first saw Mr. Nocita come out of the Smoke Shop at 6717 Central and start to walk across the street where the black 1957 Ford Thunderbird automobile was parked; that Mr. Nocita hesitated and stepped back onto the sidewalk and then started to walk north on Central Avenue; that he eventually encountered Mr. Nocita in the alley of 68th Street and Central where he placed him under arrest; that when he and Mr. Nocita were walking across the street on Central Avenue, Mr. Nocita said "I want you to take care of that car, it's mine" [T. R. 126], and pointed toward the black and white Thunderbird; that he Mr. Johnson, replied "You mean the Thunderbird?" and

Mr. Nocita replied "Yes."; that he then said to Mr. Nocita "Why did you start to walk toward your car, and then take off?" and Mr. Nocita replied, "I came outside and saw you guys staked on the car." [T. R. 126.] Mr. Johnson further testified that the Thunderbird bore a metal license plate with the license number MVY 377.

Mr. Walter O. Barrett testified that during the month of November, 1956, he resided at 14651 South Lime Avenue in Compton, which is near the intersection of San Vicente and Lime Avenue; that he shared that apartment with Mr. Nocita, who paid half of the rent, but that he seldom stayed at that apartment; that he accepted football card bets for Mr. Nocita and that he left the money with the cards in the apartment and that Mr. Nocita had the key to the apartment. [T. R. 136-137.]

Gilbert E. Scholten testified that he was a Deputy Sheriff of Los Angeles County, assigned to the Vice Detail which investigated bookmaking activities; that he saw Mr. Nocita on November 20, 1956, driving a 1957 Ford Thunderbird automobile with paper license number 0572343; that he first saw him at the corner of Cole Place and Long Beach Boulevard in the City of South Gate, California; that he later saw him at the corner of San Vicente and Lime Avenues, in Compton, California, and that time he was in the same Thunderbird automobile and got out of the car in the vicinity of Lime Avenue and San Vicente in Compton.

The entire record in this case clearly supports the Court's Findings that Mr. Nocita used the 1957 Ford Thunderbird automobile in receiving wagers and as an active aid to and facilitation of his bookmaking business.

Here we have a man who is a bookmaker and actively engaging in the bookmaking business. The testimony adduced at the trial clearly shows the use of the subject Ford Thunderbird automobile by this bookmaker on November 20, 1956, and at a time somewhere after the middle of November, according to the testimony of Mr. Vincelli, all during a time when, according to the stipulations, he was actively engaging in bookmaking and wagering activities.

On November 20, 1956, the day he was trailed by agents and officers while he was in the 1957 Ford Thunderbird automobile, he was seen going to the vicinity of Lime Avenue and San Vicente in the City of Compton, California. On one occasion he was seen to stop the automobile and on another occasion he was seen to stop the automobile and get out. These facts are quite significant in the light of the testimony of Mr. Barrett who indicated that he played football cards, *i. e.*, made bets on football cards and took bets on football cards for Mr. Nocita and that he left the cards and the money in an apartment on Lime Avenue near the corner of San Vicente which he rented jointly with Mr. Roland Nocita. His testimony indicated that Mr. Nocita had a key to that apartment. From these facts one can infer that the wagers were left in that apartment for Mr. Nocita. This inference is quite reasonable and one which the trial judge must have drawn in order to make the findings as to the use of the vehicle by Mr. Nocita as an aid and facilitation to his bookmaking activities as well as its use in the receiving of the wagers; for to use the vehicle to go to a location to receive the football betting cards along with the money placed as bets would be a use of the vehicle in receiving wagers.

Next, on the date of November 24, 1956, the day that Mr. Nocita was arrested, it should be noted that the testimony of Deputy Sheriff Johnson clearly showed that Mr. Nocita was seen leaving the Smoke Shop on Central Avenue where he then started across the street toward the spot where the 1957 Ford Thunderbird automobile was parked. When apprehended and searched on this occasion betting markers and "O"-sheets representing several hundred wagering transactions on horse races for the previous two days were found in Mr. Nocita's possession and contained the abbreviation of the words Thursday and Friday on them in Mr. Nocita's own handwriting. Again the inference is present that Mr. Nocita, with the betting markers and "O"-sheets in his possession, left the Smoke Shop on Central Avenue and headed toward his Ford Thunderbird automobile, intending to use the same, further supporting the finding of the use of the vehicle by Mr. Nocita in his wagering activities.

Next we have the testimony of Mr. Vincelli who actually paid Mr. Nocita money coming to him as a result of wagers. Mr. Vincelli accompanied Mr. Nocita to the parking lot in back of his bar where Mr. Nocita got into the 1957 Ford Thunderbird automobile and drove off with the proceeds of the wagers. Appellant contends that there is not sufficient identification of the automobile on this occasion by Mr. Vincelli, however, in light of the entire testimony it becomes apparent that there was one, and only one, 1957 Ford Thunderbird automobile involved and used by Mr. Roland Nocita in his activities. All the testimony of the witnesses who saw Mr. Nocita driving in the black 1957 Ford Thunderbird automobile corroborates Mr. Vincelli's description of the car and bolsters the identification sufficient for the

Court to find that the automobile used on this occasion was the same automobile as was described in the other testimony concerning its use. While it is natural for officers of the law to note license numbers, it is not at all uncommon for private citizens, such as Mr. Vincelli, not to notice nor remember the license number of a particular vehicle.

Appellant contends that what happened at Mr. Vincelli's bar raises the sole question to be considered on this appeal; namely, whether or not the picking up of the money from the wagers is such a use of the vehicle so as to constitute it an instrumentality in the acceptance of wagers within the meaning of the Internal Revenue Code in order to subject the automobile to forfeiture for such activity. The appellee contends that this is a minor or sub-issue which can be decided in passing on whether or not the Court's findings of use of the vehicle in the wagering activity and as an aid and facilitation to Mr. Nocita in his bookmaking activities is justified by the evidence. What happened at Mr. Vincelli's bar was an additional piece of evidence which supports those findings made by the Court. It appears, that the Appellant has specified such a question because of some language in the Opinion written by the judge who heard the case. However, Appellee submits that the Opinion is not controlling and has no effect on this appeal. The Findings of Fact [T. R. 19] made after the Opinion was written and signed over the objections of the Appellant [T. R. 16] express the true opinion of the Court and are the facts that indicate that the trial court felt that the 1957 Ford Thunderbird in question was used in the wagering activity as alleged by the Government.

II.

The Judgment Is Not Contrary to Law Because the Use by Roland Nocita of the Seized Automobile to Receive Wagers and to Aid and Facilitate His Wagering Business, Comes Within the Meaning of Section 7302 of the Internal Revenue Code Which Subjects an Automobile to Forfeiture When It Is . . . “Intended for Use in Violating . . . the Internal Revenue Laws . . . or Which Has Been so Used” . . .

The type of uses that Mr. Nocita put the subject vehicle to have been held to be such use under Section 7302 of Title 18, as to justify seizure and forfeiture of the vehicle. In the case of *The United States v. One 1953 Oldsmobile Sedan*, 132 Fed. Supp. 14, the Court held that where the evidence established that the owner of the vehicle was engaged in the business of accepting wagers without having paid his special tax, and was using his automobile in that business, the Government was entitled to a decree of forfeiture. In that case the car was used to keep in contact with the persons who made the wagers and on the days following certain wagers the bookmaker would call upon his customers. If the bettor won the wager then the bookmaker would pay and if the bettor lost the wager then the bettor would make the pay-off to the bookmaker. In other words we have a situation where a bookmaker would use the vehicle to make his collections and in that case the Court found that such a use was within the meaning of Section 7302 of Title 26, United States Code, the same Section as is here involved.

It has further been held that Section 7302 of the Internal Revenue Code is a broad Section and should not be narrowly construed.

United States v. General Motors Acceptance Corporation (C. A. 5), 239 F. 2d 102.

In the *General Motors Acceptance* case Judge Reeves, in delivering the Opinion of the 5th Circuit, spoke as follows:

“ . . . It is urged that ‘Forfeitures are not favored; they should be enforced only when within both letter and spirit of the law.’ *United States v. One 1936 Model Ford V-8 De Luxe Coach*, 307 U. S. 219, 226, 59 S. Ct. 861, 865, 83 L. Ed. 1249. As noted in the same opinion, however, ‘The point to be sought is the intent of the law-making powers.’ In an earlier case, the Supreme Court had said:

‘We are not called upon to give a strained interpretation in order to avoid a forfeiture. Statutes to prevent fraud on the revenue are construed less narrowly, even though a forfeiture results, than penal statutes and other involving forfeitures.’ *United States v. Ryan*, 284 U. S. 167, 172, 52 S. Ct. 65, 67, 76 L. Ed. 224. See, also *Manufacturers Acceptance Corporation v. United States*, 6 Cir., 193 F. 2d 622.

It is said that we should construe §7302 with especial strictness since 18 U. S. C. A. §3617, providing for remission or mitigation of forfeitures, has reference only to the liquor tax laws. Available, however, are the compromise powers of the Secretary of the Treasury and the Attorney General, which formerly provided the procedure to afford relief to innocent owners in liquor tax cases.

United States v. One 1936 Model Ford V-8 De Luxe Coach, *supra*.

The gist of the offense is said to be the failure to pay the tax, and the truck was not used in failing to pay the tax. Section 7302 requires only that the vehicle be used or intended for use 'in violating the provisions of the internal revenue laws.' One of the acts going to constitute such violation was the engaging in the business of receiving wagers especially when, as here alleged, that was done 'with intent to defraud the United States of the wagering occupational tax.' A like contention has not prevailed in liquor tax cases. One Ford Tudor Automobile, etc. v. United States, *supra*; United States v. Ganey, *supra*; Jarrett v. United States, 4 Cir., 184 F. 2d 532; Shively v. United States, 4 Cir., 210 F. 2d 131.

Finally, it is insisted that, while §7302 of the 1954 Code broadens the scope of §3116 of the 1939 Code, it should be confined to cases involving a commodity upon which a tax is imposed, that the truck itself must in some way be guilty. See Goldsmith, Jr.-Grant Co. v. United States, 254 U. S. 505, 510, 511, 41 S. Ct. 189, 65 L. Ed. 376; United States v. One 1948 Plymouth Sedan, 3 Cir., 198 F. 2d 399; United States v. Lane Motor Co., 344 U. S. 630, 73 S. Ct. 459, 97 L. Ed. 622. In the last cited case, the Supreme Court held 'that a vehicle used solely for commuting to an illegal distillery is not used *in* violating the revenue laws.' 344 U. S. at page 631, 73 S. Ct. at page 460. The rule is different, however, where the vehicle is used not merely for the convenience of the operator in commuting, but also as an active aid in violating the revenue laws, even though not for the transportation of any commodities subject to seizure. United States v. One 1952 Lincoln Sedan,

5 Cir., 213 F. 2d 786; *One Ford Tudor Automobile, etc. v. United States*, supra; *United States v. Ganey*, supra; *Jarrett v. United States*, supra; *Shively v. United States*, supra. Cf. *United States v. Jones*, 5 Cir., 194 F. 2d 283.

The plain language of §7302 covers a truck used and intended for use in violating the wagering tax laws. The judgment is therefore reversed and the cause remanded for further proceedings consistent with this opinion."

Since Section 7302 of the Internal Revenue Code is, in its plain reading, a very broad statute, such a use of a vehicle as was shown and found in this case falls clearly within its meaning and subjects the vehicle to forfeiture. The clear intention of Congress in the passage of such a broad Section appears to be to double and increase the penalties involved in violations of the Internal Revenue Act so as to discourage persons who engage in such violations. Because many of us are adverse to seeing multiple penalties piled up, we overlook the fact that it is a recognized procedure to discourage certain particular activities. It is not the duty of Courts to change this procedure by way of judicial legislation but is a policy matter solely within the discretion of Congress.

In this case we have clear Findings of Fact by the District Court as to the use of the 1957 Ford Thunderbird automobile by Mr. Nocita in receiving wagers and as an active aid and facilitation to him in his bookmaking business. It is a well recognized principle that a trial judge's Findings of Fact are never to be lightly disturbed by a reviewing Court. Generally, Appellate Courts will not overturn Findings of Fact of the trial judge, since he has had the opportunity of hearing the witness. The

trial judge's Findings must be given great weight and should be binding, unless clearly based on an obvious error of law or a serious mistake or misconception of a fact.

Standard Oil Co. v. Shipowners' & Merchants' Tugboat Co., 17 F. 2d 366 (C. A. 9);

National Surety Co. v. Globe Grain & Milling Co., 256 Fed. 601 (C. A. 9);

Woodbury, et al. v. City of Shauneetown, 74 Fed. 205 (C. A. 7);

Fidelity & Casualty Co. of New York v. Phelps, et ux., 64 F. 2d 233 (C. A. 4).

There is no contention made that violations of Sections 4411 and 4412 are not violations of the internal revenue laws and since these Sections are part of the Internal Revenue Code, as passed by Congress, any violations of them would invoke the operation of Section 7302 of the Internal Revenue Code. Mr. Nocita admits the violations of Sections 4411 and 4412 and the admissions are corroborated by the judgment of conviction for such violations which was introduced in evidence in the trial. [T. R. 131-132.] Therefore, appellee contends that the use by Mr. Nocita of the 1957 Thunderbird automobile in his wagering activities falls within Section 7302 of the Internal Revenue Code and subjects that vehicle to seizure, condemnation and forfeiture to the United States.

One of the leading cases involving a vehicle seized for violating Section 7302 of Title 26, United States Code, was the case of *United States v. Lane Motor Company*, 344 U. S. 630. In that case the United States Supreme Court held that "a vehicle used *solely* for commuting to an illegal distillery is not used in violating the internal

revenue laws,” (at p. 631). The *Lane Motor Company* case apparently implies that where the vehicle is used for *something more* than merely commuting, *it can be* in violation of the internal revenue laws. It follows, therefore, that if the vehicle is used for *something more* than commuting and is violating some internal revenue laws it is subject to forfeiture pursuant to Section 7302, Title 26, United States Code. (Emphasis added.)

A review of the cases aids us in determining what has been held to be that *something more* than merely commuting. In the case of *United States v. General Motors Acceptance Corporation*, cited *supra*, in a situation involving the use of a truck in connection with the business of receiving wagers in violation of law, it was held that the truck in question was not used “merely for the convenience of the operator in commuting, but also as an active aid in violating the revenue laws, even though not for the transportation of any commodities subject to seizure” and, therefore, the Court held the vehicle properly subject to forfeiture pursuant to Section 7302, Title 26, United States Code. The Court in the *General Motors Acceptance Corporation* case cited, *inter alia*, the case of *United States v. Lane Motor Company*, *supra*, and also cited the case of *United States v. One 1952 Lincoln*, 213 F. 2d 786, in which latter case the Court pointed out that Section 7302, “does not place any express limitation on the manner in which property intended for use in violation of revenue laws is employed, nor does it require in terms that the liquor be transported in the automobile.” It was also pointed out by the Court in the *1952 Lincoln* case that the case is controlled by the *general* provisions for forfeiture contained in Section 7302, of the Code, and *not* by the more limited provisions of forfeiture con-

tained in the other Sections of the Code. (Emphasis added.)

The *Lane Motor Company* case may be distinguished from the case at bar by comparing the use of an automobile, on the one hand, to carrying its owner from his home to his office and, on the other hand, its use during the day to carry the owner from place to place in connection with his business, such as buying or selling.

United States v. One 1941 Buick, 85 Fed. Supp. 402;

United States v. One Chevrolet, etc., 91 Fed. Supp. 272.

In the case at bar we have the use of the 1957 Ford Thunderbird automobile by Mr. Nocita in *something more* than merely going to and from a place of business. We have it used by Mr. Nocita as an active aid in facilitation to his business, *e.g.*, when it was used by Mr. Nocita to go to Mr. Vincelli's bar to make his collections on certain wagers. Therefore, the Government contends that we have *something more* than merely commuting involved in the instant case and the law of the *Lane Motor Company* case would not be applicable. Appellee contends that the law has finally developed to a point where once the user of the vehicle embarks upon his business venture, using his vehicle to facilitate his operations, the use of the vehicle becomes *something more than merely commuting*; and when this use is in violation of the internal revenue laws the vehicle is subject to forfeiture pursuant to Section 7302, Title 26, United States Code. (Emphasis added.) No longer is it necessary to discover, within the vehicle itself, illicit material such as contraband, narcotics, lottery tickets, liquor, etc.; nor do we need an illicit sale of any

contraband article in the vehicle, we now merely need to have the automobile used to facilitate the transaction of any business operation which is in violation of the internal revenue laws. If this be the case, such as the Government contends it is here, then the vehicle itself is used in violation of the internal revenue laws and is subject to forfeiture pursuant to Section 7302, Title 26, United States Code.

On the basis of the foregoing the appellee contends that the District Court's judgment decreeing the condemnation and forfeiture of the 1957 Ford Thunderbird automobile, Motor No. D7FH116357, its tools and appurtenances, for its use by Roland Nocita in receiving wagers and as an active aid to and facilitation of his wagering activities is not contrary to law.

Conclusion.

It is respectfully submitted that the judgment of the United States District Court in which the 1957 Ford Thunderbird automobile, its tools and appurtenances, were condemned and forfeited to, appellee, the United States of America, should be affirmed.

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No. 15882

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

ANNA VALETTA NOCITA, Claimant of ONE 1957 FORD
THUNDERBIRD AUTOMOBILE, MOTOR No. D7FH116357,
its tools and appurtenances,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

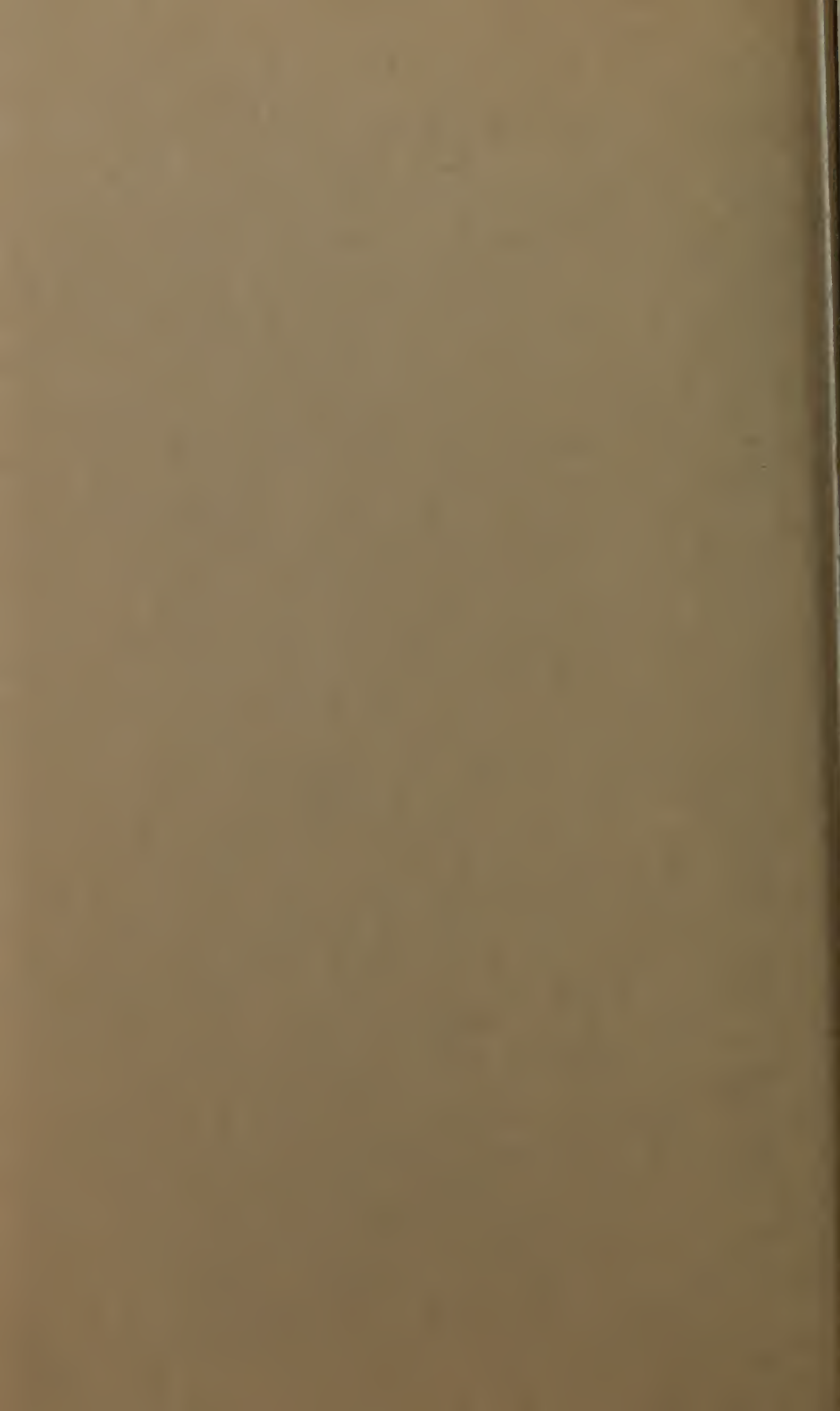
ANSWERING BRIEF OF APPELLANT.

WALTER M. CAMPBELL,
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FILED

MAY 15 1958

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Appellee.

ANSWERING BRIEF OF APPELLANT.

For the purpose of this answering brief, we shall confine ourselves to the answering of those statements and arguments of Government counsel which we believe pertinent. The fact, however, that statements or arguments made in behalf of appellant in her opening brief are not repeated herein should not be taken as an indication of abandonment of any such statement or argument.

I.

The Sufficiency of the Evidence.

There appears to be some controversy as to the evidence which is before the Court and a wide difference, apparently, between appellant and appellee as to the inferences to be drawn therefrom, and as to the propriety of the findings drawn by the Court. The findings in

question are numbers VII and VIII [R. 20], the pertinent parts of which are as follows:

“That prior to and on or about November 24, 1956, said Ford Thunderbird automobile had been used by said Roland Nocita in receiving wagers.

. . .

“That the use of the said Ford Thunderbird automobile by the said Roland Nocita was a use in his business of bookmaking and was an active aid and facilitation of that bookmaking business.”

The Government contends (App. Br. pp. 7-15) that these findings were supported by the evidence. The weakness in the position of the Government arises from a confusion of the activities of Nocita in the bookmaking business with the use of the car. The issue here is not whether Nocita himself engaged in bookmaking or accepting wagers as an occupation (that is conceded), but whether the *automobile* was used in receiving wagers [cf. Libel of Information, R. 3-5].

Evidence pertaining to the use of the automobile falls into three categories: (a) testimony relative to November 20, 1956; (b) testimony relative to November 24, 1956; and (c) testimony of Rudolph Vincelli.

(a) Testimony Relative to November 20, 1956.

Three officers testified that they observed Nocita in the Ford Thunderbird on November 20, 1956.

Special Agent Donley testified that he observed the car on Long Beach Boulevard at about 6:10 p. m. on November 20, 1956, and that it was being driven by Nocita [R. 28]; that he followed the car, which drove to Lime and San Vicente, stopped a moment, and then backed out

[R. 30]. Nocita was alone in the car and Donley did not observe him to get out of the car nor anyone approach the car [R. 39-40]. After the car backed up about ten feet, it then proceeded west on San Vicente [R. 40].

Special Agent Katayama testified that he observed Nocita driving the Thunderbird north on Long Beach Boulevard at about 6:00 p. m. on November 20, 1956 [R. 83]; that Nocita was alone in the car at all times [R. 88-89]; that Nocita neither got out of the car nor did anyone approach it [R. 90]; that although he trailed the car, he lost it at a traffic signal after it had turned around and was proceeding south [R. 84].

Deputy Sheriff Scholten testified that on November 20, 1956, at an unspecified time, he saw Nocita driving the Thunderbird at the corner of Cole Place and Long Beach Boulevard, in the City of South Gate; that about ten or fifteen minutes later, he saw him in the same car at the corner of San Vicente and Lime Avenue in Compton [R. 140]; that he got out of the car [R. 140]; that he believes Nocita was alone, although not sure [R. 141]. No testimony was offered by this witness as to Nocita's actions in getting out of the car, or even whether he left its vicinity.

The Government attempts to put the above evidence together with the evidence of one Walter O. Barrett [R. 133-139] to establish that the car was used on November 20, 1956, for the purpose of receiving wagers. Barrett testified that he shared the rental of an apartment at 14651 South Lime, near the intersection of Lime and San Vicente, with Nocita [R. 133-134]; that he, Barrett, stayed there about two nights a week [R. 135], and on such occasions was not there from 8 in the morning until 10 at night [R. 135]; that he left football bets

for himself and friends at the apartment [R. 136] for someone to pick up [R. 137]; that Nocita had a key to the apartment [R. 137], although Nocita did not live there [R. 138]; that someone other than Nocita or Mrs. Nocita (whom he did not know) used the apartment during the day [R. 138].

The Government argues (App. Br. 13) that from the above testimony placing Nocita in the automobile in the *vicinity* of the apartment on November 20th, there is a sufficient inference that the automobile was used by Nocita to pick up betting cards and money on that date so as to constitute a use of the vehicle in receiving wagers, and thus support the findings of the Trial Court.

The evidence, however, is totally lacking in the following particulars: (1) that Barrett was even in the apartment on or about November 20; (2) that Barrett or anyone else made any bets or other gambling transactions on November 20; (3) that Nocita, or anyone else in his behalf, was in the apartment on that date; (4) that Nocita, with or without the car, received or engaged in a wagering transaction of any kind or nature at any location on November 20. Actually, Barrett's testimony does not go so far as to state that Nocita received or picked up wagering transactions at the apartment on any date; to the contrary, he testified that of his knowledge persons other than Nocita used the apartment during the day [R. 138].

All of the above witnesses, including Barrett, were produced by the Government, and it is bound by their testimony.

Thus, it cannot be said that the evidence shows the use of the automobile in any manner in gambling transactions on November 20, 1956.

(b) Testimony Relative to November 24, 1956.

The other occasion upon which the officers had the car under observation was on November 24, 1956, the day of the arrest. Although on that date, from twelve o'clock noon until 6:05 p. m. (the time of Nocita's arrest), the car was under constant scrutiny by Deputy Sheriff Seltzer [R. 67], it was parked on Central Avenue [R. 67], across the street from the Smoke Shop [R. 70], and Deputy Sheriff Seltzer did not see Nocita during that period of time [R. 70]. Clearly, during this period of time, the car was not used in a gambling transaction, or to facilitate one. Nor is there any evidence that any gambling transaction took place away from the car during this period of time.

Thus, despite the Government's obvious reluctance to accept the premise (App. Br. 15), we come back to the question of Vincelli's testimony as being the crux of the whole proposition as to whether or not the automobile here involved was used in a gambling transaction as stated in the libel of information.

(c) Testimony of Rudolph Vincelli.

The testimony of Rudolph Vincelli was set forth in detail and discussed in our opening brief (Op. Br. 19-23), to which reference is made, with particular reference to Vincelli's failure to identify the forfeited vehicle as being the car driven by Nocita on his visit to the place of business of Vincelli.

Vincelli testified that in the middle of November, 1956 [R. 98] Nocita called on him for the purpose of picking up Nocita's share of the proceeds of bets previously made [R. 97, 103-104]. Vincelli was emphatic that no bets were made or picked up at that time [R. 97, 105].

Entirely aside from identification of the car, we are then confronted with two questions: (a) Were the events described by Vincelli in violation of the Internal Revenue Code? (b) If so, do they come within the charge made in the libel of information?

As to the first question, there was no testimony by Vincelli showing the use of the car in an illegal transaction, since the act of receiving money, the product of wagers previously made, by one who has not paid the wagering occupational tax is not a violation of the Internal Revenue Code (see Op. Br. 24-28). As to whether the events described by Vincelli come within the charge made in the libel, the Government has contended (App. Br. 16-23) that a direct use of the car in an illegal transaction need not be established, that the use of the car to aid or facilitate the wagering business is sufficient, and that the Trial Court has found it was used to aid and facilitate.

It must be recognized that the words "aid and facilitate" have a meaning in law distinct from "used in." For example, Title 49, United States Code, Section 781, which provides for the forfeiture of vehicles used to transport contraband (narcotics, firearms, counterfeits), has a special subdivision dealing with facilitation. In commenting on this, Chief Judge Smith, of the District Court for the District of Connecticut, stated:

"The addition of the subdivision of the statute concerning facilitating transportation and sale makes it plain that some uses of the car were contemplated which did not involve use of the car directly in transportation, concealment or possession of narcotics.

" 'Facilitate' as used here means that the car was used to make easy, to promote, to help forward the

purchase and sale of heroin. U. S. v. One 1941 Pontiac, etc., *supra*, 83 F. Supp. at page 1000.”

United States v. One 1951 Oldsmobile, 126 Fed. Supp. 515, 516.

Section 7302 of Title 26, United States Code, under which the instant libel was brought, contains no such provision with relation to facilitation, indicating that it was not the intent of Congress to include facilitation as an element involved.

Nor does the libel of information herein make the charge that the vehicle here involved was used to “aid or facilitate” the bookmaking business, as was attempted to be found by the Trial Judge in his findings [Find. VIII, R. 20]. The charge to which the Government is confined, and upon which appellant is entitled to rely, is:

“That said automobile had been used by said Roland Nocita in receiving wagers without filing application for a wagering permit, and without payment of wagering occupation tax. . . .” [R. 3-4].

A finding as to a matter not within the issues raised by the pleadings may be disregarded.

As pointed out above, an allegation in the libel of information charging that the vehicle was used to “aid or facilitate” the illegal activity would not have been within the statutory limitations of Section 7302 of Title 26, United States Code.

II.

Vehicle Not Used to Aid or Facilitate Receipt of Wagers.

In its brief, it is the contention of the Government that, although the vehicle here involved was not directly used in the receipt of wagers, it was used to aid and facilitate their receipt (App. Br. 22).

If it be considered that Section 7302, Title 26, United States Code, includes "aid and facilitation" within the word "use", and that the matter of aid and facilitation was before the trial court although not embraced in the pleadings (both of which we do not concede), nevertheless the evidence falls short of showing that the car was used to aid or facilitate the receipt of wagers.

Carefully read, the testimony of Rudolph Vincelli, upon which the Government relies, shows clearly that no gambling transactions were had on the occasion of Nocita's call to his place, nor was it contended that any gambling transactions resulted therefrom. The testimony of Vincelli was that he acted as the agent of Nocita in accepting wagers from patrons at his (Vincelli's) bar [R. 92-93], for which he received a commission of 25 per cent of the winnings [R. 104]. If the bettors won, he would receive money from Nocita to pay them off, but if the bettors lost, he would collect the money and turn it over to Nocita [R. 95].

On the occasion in November, 1956, when Nocita was claimed to have driven the Ford Thunderbird to Vincelli's bar, Nocita was there for the sole purpose of picking up his share of the winnings [R. 105] after the deduction of Vincelli's share [R. 104]. No other transactions were had [R. 105].

Obviously, therefore, the transactions which gave rise to the payment of money to Nocita on that occasion were completed ones. The bets had been made, the winner determined, and the losers had paid their money to Vincelli prior to Nocita's arrival on the scene.

This is an entirely different situation from that presented in *United States v. One 1953 Oldsmobile Sedan*, 132 Fed. Supp. 14, upon which case the Government places great reliance (App. Br. 16). There, the vehicle was used daily for the purpose of reaching each customer and paying winnings or receiving losses with respect to bets placed the preceding day. Such use was an intrinsic part of the direct dealings with the customer, and was the regular established procedure of the business. In the instant case, the event of Nocita's call on Vincelli was an isolated one [R. 95-96], and was not shown to be established procedure.

The Government also places great reliance on the case of *United States v. General Motors Acceptance Corporation* (C. A. 5), 239 F. 2d 102 (App. Br. 17-21). The case was before the Court of Appeals on the question of the sufficiency of the complaint, a motion to dismiss having been granted in the lower court. The complaint, however, charged that the truck involved was directly used in the gambling transactions in the following language:

"That said vehicle was used on September 25, 1954, by Henry Brantley in the business of accepting wagers without having paid the wagering occupational tax . . .; more specifically, the said Henry Brantley was transporting in said vehicle lottery tickets used and intended to be used in the business of accepting wagers as aforesaid. . . ."

Thus, the complaint charged the transportation of the paraphernalia to be used in the gambling to be undertaken. This is clearly a different situation from that in the instant case.

The cases of *United States v. One 1941 Buick*, 85 Fed. Supp. 402, and *United States v. One Chevrolet, etc.*, 91 Fed. Supp. 272, cited by the Government (App. Br. 22), were decided prior to and are in direct conflict with the determination of the Supreme Court in *United States v. Lane Motor Company*, 344 U. S. 630. (Cf. *United States v. Lane Motor Company* (C. A. 10), 199 F. 2d 495.)

United States v. One 1952 Lincoln (C. A. 5), 213 F. 2d 786 (App. Br. 21-22), involved an automobile used as a convoy or decoy car for a truckload of illicit alcohol, and which was used in an abortive attempt to block the officers pursuing the truck. Such facts bear no resemblance to those before the court.

The Government has attempted to rationalize *United States v. Lane Motor Company*, *supra*, by placing an emphasis on the word "solely" in the Court's statement that a "vehicle used solely for commuting to an illegal distillery is not used *in* violating the internal revenue laws" which was not placed there by the Court. The Government argues that any use other than commuting would be in violation of the internal revenue laws (App. Br. 20-21). The Government argues (App. Br. 21-23) that the instant vehicle was used for "something more than commuting," in that it was used by Nocita to go to Vincelli's bar to make his collections on certain wagers, and therefore became subject to forfeiture. This argument, however, is completely answered, not only by the evidence as discussed above but also by the Court of Appeals for the Third Circuit in the case of *United States v. One 1948*

Plymouth Sedan, etc. (C. A. 3), 198 F. 2d 399, 400, where it is said:

“The question before us cannot be answered simply by examining the face of the statute. For example, many kinds of property under conceivable conditions may be used as an adjunct to a violation of internal revenue laws. A fraudulent income tax return may be filled out and signed with a pen; it may then be delivered to a Collector in a private automobile. We do not understand the government to contend that under such circumstances either the pen or the car may be forfeited.

“The United States contends, however, that the Plymouth Sedan was an integral part of an illegal business; that it carried a commodity of an importance equal to sugar, mash or other raw materials in the successful operation of that business, viz., the operator of the still himself, and that therefore the car is forfeitable. We cannot agree.”

The most that can be said in the instant case is that the forfeited car *may* have been the one used to carry Nocita to pick up his share of receipts from wagers previously made and to carry him and his receipts away again. While this *may* have been something more than commuting, any illegal act coming within the terms of Section 7302, United States Code, was over and done, and it is submitted that the forfeited car could therefore not have aided or facilitated its doing.

Conclusion.

Since the judgment of the District Court can be supported neither on the evidence nor on the law applicable thereto, it is respectfully urged that it be reversed.

WALTER M. CAMPBELL,

Attorney for Appellant.



NO. 15, 882

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

ANNA VALETTA NOCITA, Claimant
of One 1957 Ford Thunderbird
Automobile, Motor No. D7FH116357,
its tools and appurtenances,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

PETITION FOR REHEARING

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FILED

AUG 28 1958

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its tools and appurtenances,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

PETITION FOR REHEARING

Comes now the appellant above named and respectfully petitions this Honorable Court to grant a rehearing of her appeal herein, upon the following ground, to-wit: That the opinion of this Court as made and filed on August 5th, 1958, is in apparent conflict with the opinion of the Supreme Court of the United States in United States v. Calamaro, 354 U.S. 351, 77 S. Ct. 1138.

STATEMENT

In its opinion, this Court stated:

"The fact that the subject Thunderbird automobile was not shown to have been used to 'accept wagers' but only to collect the winnings of previous wagers does not preclude this court from holding that the car was used as an active aid in violating the internal revenue laws. The receiving of winnings and the paying of losses by a principal are integral parts of the business of accepting wagers . . . "

Assuming, but not conceding, that this is a correct statement of the law, it must nevertheless be determined when "the receiving of winnings and the paying of losses" by the principal, Nocita, actually took place. Vincelli, as the agent of Nocita, had received the winnings and paid the losses, and, in legal contemplation, Vincelli's acts, as agent, were the acts of Nocita, as principal. The wagering contracts, including the receiving of winnings and the paying of losses, were therefore completely consummated without any use of the forfeited automobile, thus bringing the instant case squarely within the following language of the Supreme Court in United States v. Calamaro, supra:

"The nub of the Court of Appeals' holding was put in the following language, with which we agree:

'In normal usage of familiar language, "receiving wagers" is what someone on

the "banking" side of gambling does in dealing with a bettor. Placing and receiving a wager are opposite sides of a single coin. You can't have one without the other.' (The court here referred to the definition of 'wager' contained in §3285(b) (1) (D); note 1, supra.) Before the pick-up man enters the picture, in such a case as we have here, the wager has been received physically by the writer and, in legal contemplation, by the writer's principal as well. The government recognizes -- and in an appropriate case no doubt would insist -- that what the writer does in relation to the bettor amounts to "receiving a wager" '

" In other words, we think that as used in §3290 the term 'receiving' a wager is synonymous with 'accepting' a wager; that it is the making of the gambling contract, not the transportation of a piece of paper, to which the statute refers . . . " (Emphasis added.)

The fact that the transactions with the bettors had been fully completed without involving the use of the forfeited automobile distinguishes the instant case from the cases of U.S. v. General Motors Acceptance Corp., (where lottery tickets were being transported to the place where they were to be distributed and sold) and U.S. v. One 1953 Oldsmobile (D.C., 1955) 132 F.Supp. 14 (where the car was used in receiving winnings and paying losses to the bettors individually,

which transactions were part of the wagering contract.) In the instant case, the automobile was not used either to prepare for subsequent wagering or to receive winnings from, or pay losses to, the bettors involved. Thus, if this Court's opinion that "the receiving of winnings and the paying of losses" is an integral part of the gambling transaction is correct, nevertheless the evidence here falls short of proof that the automobile was used therein.

CONCLUSION

It is respectfully urged that a rehearing be granted for the purpose of considering the aspect of the agency of Vincelli in the light of United States v. Calamaro, supra.

Respectfully submitted,

WALTER M. CAMPBELL

Attorney for Appellant

It is hereby certified that in my opinion and judgment this Petition for Rehearing is well founded, and it is not interposed for delay.

WALTER M. CAMPBELL

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No. 15882

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for the Ninth Circuit

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Transcript of Record

Appeal from the United States District Court for the
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FILED

MAR 12 1958

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For Appellant:

WALTER M. CAMPBELL,
403 Subway Terminal Building,
Los Angeles 13, California.

For Appellee:

LAUGHLIN E. WATERS,
United States Attorney;

BURTON C. JACOBSON,
Assistant U. S. Attorney,
600 Federal Building,
Los Angeles 12, California.

United States District Court, Southern District of
California, Central Division

Civil No. 590-57—Y

UNITED STATES OF AMERICA,

Libelant,

vs.

ONE 1957 FORD THUNDERBIRD AUTOMO-
BILE, Motor No. D7FH.116357, Its Tools and
Appurtenances,

Respondent.

LIBEL OF INFORMATION

The United States of America, through Laughlin E. Waters, United States Attorney for the Southern District of California, respectfully shows:

I.

That on or about November 24, 1956, at Los Angeles, County of Los Angeles, within the Central Division of the Southern District of California, and within the jurisdiction of the United States and of this Honorable Court, duly authorized Special Agents of the Intelligence Division, Internal Revenue Service, Treasury Department of the United States, seized a certain 1953 Ford Thunderbird automobile, Motor No. D7FH.116357, its tools and appurtenances, from Roland Nocita, which said automobile had been used unlawfully to further violations of Title 26, United States Code, Sections 4411 and 4412, as follows: That said automobile had been

used by [2*] said Roland Nocita in receiving wagers without filing application for a wagering permit, and without payment of wagering occupational tax, with intent to defraud the United States of the said taxes, and in violation of said Sections 4411 and 4412, Title 26, United States Code.

II.

That by reason of these premises the said automobile has become and is subject to seizure and forfeiture pursuant to the provisions of Section 7302, Title 26, United States Code.

III.

That the said 1957 Ford Thunderbird, Motor No. D7FH.116357, its tools and appurtenances, has been appraised, as provided by law, in the sum of \$4,000.

IV.

That the said Ford Thunderbird automobile is presently in the custody of the Intelligence Division, Internal Revenue Service, stored at the G.S.A. Garage, 788 North Main Street, Los Angeles, California, or elsewhere within the jurisdiction of this Court.

Wherefore, Libelant prays that the usual process issue against the said automobile, its tools and appurtenances, and that all persons interested in and concerned in the said automobile be cited to appear and show cause why such forfeiture should

***Page numbering appearing at foot of page of original Certified Transcript of Record.**

not be adjudged, and that all due proceedings being had therein, this Honorable Court may be pleased to condemn the said automobile, its tools and appurtenances, as forfeited to the United States, and that a judgment condemning the said automobile may thereupon be made and entered, and for such other and further judgment and order as to the court may seem proper in the premises.

LAUGHLIN E. WATERS,
United States Attorney;

/s/ RICHARD A. LAVINE,
Asst. U. S. Attorney,
Attorneys for Libelant.

[Endorsed]: Filed May 6, 1957. [3]

[Title of District Court and Cause.]

ANSWER TO LIBEL OF INFORMATION

Now Comes Anna Valetta Nocita, otherwise known as Anna Valetta Ewing, by Desser and Rau and David M. Hoffman, her attorneys, and answering the Libel of Information of the Libelant, states:

I.

She is the sole owner and the only person entitled to possession of the 1957 Ford Thunderbird Automobile, Motor No. D7FH.116357, its tools and appurtenances, subject only to a balance due under a

only to a balance due under a lien to the C. I. T. Corporation.

Affiant states that although said automobile was seized by the United States, its agents and employees, and is the subject of a Libel of Information by the United States in the above-captioned proceeding, said automobile was not, nor did any part thereof, become forfeited as alleged in said Libel of Information. [6]

Affiant further states that she has read the Claim and Answer filed herein by her and on her behalf, and the same are true except as to such matters as are therein stated to be on information and belief, and as to them, she believes said allegations to be true.

/s/ ANNA VALETTA, NOCITA,
Anna Valetta Nocita, Otherwise Known as Anna
Valetta Ewing.

Subscribed and sworn to before me this 11th day
of June, 1957.

[Seal] /s/ JOSEPH PICKETT,
Notary Public in and for Said
County and State.

[Endorsed]: Filed June 24, 1957. [7]

United States District Court for the Southern
District of California, Central Division

No. 428-57—HW

UNITED STATES OF AMERICA,

Libelant,

vs.

TWO THOUSAND ONE HUNDRED FORTY
DOLLARS AND THREE CENTS, United
States Currency and Coin (\$2,140.03),

Respondent.

No. 590-57—HW

UNITED STATES OF AMERICA,

Libelant,

vs.

ONE 1957 FORD THUNDERBIRD AUTOMO-
BILE, Motor No. D7FH.116357, Its Tools and
Appurtenances,

Respondent.

OPINION

The government filed a libel of information in each of the above-entitled actions for forfeiture of currency and coin in the sum of \$2,140.03 (Case No. 428-57) and for [8] forfeiture of a 1957 Ford Thunderbird automobile (Case No. 590-57) appraised in the sum of \$4,000. The two libels of information were ordered consolidated for trial.

Libel of information in Case No. 428-57 alleges the currency and coin had been used by Roland Nocita in receiving wagers without filing application for a wagering permit and without payment of wagering occupational tax, with intent to defraud the United States of the said taxes, in violation of Sections 4411 and 4412, Title 26, United States Code.

The libel of information in Case No. 590-57 alleges that the Ford Thunderbird automobile had been used by Roland Nocita in receiving wagers without filing application for a wagering permit and without payment of wagering occupational tax, with intent to defraud the United States of the said taxes, in violation of Sections 4411 and 4412, Title 26, United States Code.

Title 26, Section 4411, provides that there shall be imposed a special tax of \$50 per year to be paid by each person who is liable for tax under Section 4401 or who is engaged in receiving wagers for or on behalf of any person so liable.

Title 26, Section 4401 (c) provides that each person engaged in the business of accepting wagers shall be liable for and shall pay the tax on all wagers placed with him.

Title 26, Section 4412 (a), provides: "Each person required to pay a special tax under this subchapter shall register with the official in charge of the internal revenue district"——

The government, to sustain the forfeiture of the automobile and the currency and coin involved in

the two above libels, relies on Title 26, Section 7302, USCA, which provides [9] in part that it shall be unlawful to have or possess any property intended for use in violation of the provisions of the internal revenue laws or regulations prescribed under such laws, or which has been so used, and no property rights shall exist in any such property.

It is the government's contention that the automobile and the coin and currency in these two cases came within the provision of Section 7302, inasmuch as the automobile and the money were used in violating the provisions of the internal revenue laws.

The evidence in these cases discloses that Roland Nocita was a professional bookmaker and on or about the time alleged in the libels of information, to wit, November 22, 1956, was so engaged. The government contends the automobile and the currency and coin in question were used by Roland Nocita in engaging in the business of accepting wagers. The Thunderbird automobile was purchased November 2, 1956, and, when impounded, registered 1138 miles. Deputy Sheriffs and agents of the government testified that Roland Nocita had been observed driving the automobile in question, but no one was able to testify that any bets were made or money received or paid from the automobile. The evidence will sustain a finding that the automobile was used only for transportation of Roland Nocita.

On the 24th day of November, 1956, Roland Nocita was arrested and the car impounded. Upon his ar-

rest he was searched and there was found upon his person currency and coin in the amount of \$2,140.03, as described in the libel of information in Case No. 428-57. The government contends this money was used by the defendant in carrying on the business of bookmaking. [10]

When the government files a libel of information, parties interested in the property sought to be forfeited have a right to rely upon the allegations contained in the libel. The allegations in both libels state that the automobile and the currency had been used by Roland Nocita in receiving wagers. If the government is to prevail, it will be necessary to establish the automobile and the currency and coin in question "had been used" as alleged.

The problem is stated in *United States of America vs. One 1953 Oldsmobile Sedan*, 132 F. Supp. 14, at page 19, as follows:

"The real question, then, is whether the Government has proved by a preponderance of the evidence that the automobile in question was used in violating the internal revenue laws * * *

"The particular charge made in the libel of information was that the automobile was used by claimant to aid him in engaging in the business of wagering without having paid the Special Tax imposed under Section 4411 of the 1954 Internal Revenue Code * * *"

Our problem, then, is to determine from the evidence adduced at the hearing whether the govern-

ment has proved by a preponderance of the evidence that the Thunderbird and the coin and currency impounded were used by Roland Nocita in violating the internal revenue laws.

There is no evidence in the case that any of the currency and coin was used in any wagering transaction except for one isolated instance. Witness Arthur Higginson, a stevedore, testified that he cashed his payroll check with Roland Nocita and that after his check was cashed he paid to [11] Roland Nocita approximately ten (\$10.00) dollars due on a bet which he had placed on a horse race. Other than this testimony there is none that any part of the money was used in any wagering transaction.

When Roland Nocita was arrested and the money was found on his person, he told the arresting officers the money "was to be used" at a crap game some hours or days in the future. Although Section 7302 of Title 26, USCA, states "property intended for use" in violation of the provisions of the internal revenue laws, the government did not bring its libel of information upon the "intended use" of the statute but predicated its rights upon "actual" ("had been used") use. As a consequence the government has failed to establish by any evidence that the coin and currency in question were "used" by Roland Nocita in a wagering transaction.

Although government witnesses placed Roland Nocita in the Thunderbird at various times im-

mediately before the arrest, nevertheless, there is no evidence before the Court that the automobile was used (other than for the transportation of Roland Nocita) in a wagering transaction, except in one isolated instance.

Witness Rudolph F. Vincelli testified that he had placed bets for Roland Nocita and in November, 1956, Roland Nocita came into his place of business to pick up money due him on some of the bets; that he paid to Roland Nocita the money and after payment had been made that he walked out of the premises with Roland Nocita to a parking lot where Roland Nocita pointed out the Thunderbird automobile as being his car; got into it and drove away. As far as this transaction is concerned the Thunderbird was used to transport Roland Nocita to and from the premises in question [12] for the purpose of collecting money due on a bet. This was the only evidence produced to show the Thunderbird automobile had been used by Roland Nocita when he was engaged in the business of accepting wagers.

If § 4401(c) is limited to accepting wagers, then the automobile was not used in the accepting of wagers. However, the term "accepting wagers" should include not only the acceptance of the wagers but also payment of money, if those who gave the wagers were successful in obtaining a payoff. The Court is convinced that Roland Nocita was engaged in the business of accepting wagers on or about the 24th day of November, 1956, and that the

automobile was used at least in this one instance in the business of accepting wagers.

There is some doubt as to whether an automobile which is used solely for the purpose of transporting those who are in the business of accepting wagers would be subject to forfeiture. *United States v. Jones, et al.*, 194 F.2d 283, *United States v. One Plymouth Sedan*, 45 F.Supp. 461; *United States of America v. General Motors Acceptance Corporation*, 239 F.2d 102. However, as there is this one instance where the automobile in question was used not only to transport Roland Nocita but also to allow him to pick up the results of a wagering transaction, the Court is of the opinion this is sufficient to justify the government's claim and order forfeiture of the Thunderbird automobile.

In No. 428-57, judgment will be in favor of the claimant.

In No. 590-57, judgment will be in favor of the libelant, and the 1957 Ford Thunderbird as described in the libel of information shall be forfeited to the United States, [13] and a judgment condemning the automobile may be made and entered.

Counsel for the government will prepare findings and judgment in accordance with this opinion.

Dated: November 13th, 1957.

/s/ HARRY C. WESTOVER,
United States District Judge.

[Endorsed]: Filed November 13, 1957.

[Title of District Court and Cause.]

OBJECTIONS TO FINDINGS OF FACT, CONCLUSIONS OF LAW, AND JUDGMENT

Comes Now the Claimant, Anna Valetta Nocita, and objects to the Findings of Fact, Conclusions of Law, and Judgment as proposed by the Libelant, and requests that this Honorable Court fix a time for the hearing of objections and the settling of said Findings of Fact, Conclusions of Law, and Judgment. Said objections are made upon the following grounds, to wit:

1. That said Findings of Fact and Conclusions of Law are not supported by the evidence and are not in accordance with the Opinion of this Court, filed on or about November 13th, 1957, in the following particulars:

A. Proposed Finding of Fact V goes beyond the issues of this case and the evidence presented therein, in that it attempts to make findings relative to the present status of Roland [15] Nocita, whereas the matters at issue concerned only his status at the time of the seizure of the forfeited property.

B. Finding VI is repetitive of the pertinent matters in Finding V.

C. Finding VII attempts to set forth a general use of the automobile in accepting and receiving wagers, whereas, according to the evidence and the opinion of this Court, the automobile was used

(other than for the transportation of Roland Nocita) only in one isolated instance, to wit, in November, 1956, Roland Nocita drove the automobile to the place of business of one Rudolph F. Vincelli, at which time he picked up some money from the said Vincelli, the result of prior gambling transactions. (At said time and place no further wagering transactions were had.)

D. The Conclusions of Law attempt to repeat the errors in the finding of evidence, particularly in lines 11 to 18, inclusive, of page 4 thereof.

2. The Claimant believes it proper that the Findings of Fact be made in the language of the Court in its Opinion, and that the Conclusions of Law be drawn as set forth therein. Claimant is in accord with the Findings of Fact as set forth by the Court in its Opinion, although disagreeing with, and objecting to, the Conclusions of Law drawn therefrom by this Court.

Dated: This 13th day of December, 1957.

DESSER & RAU and
DAVID M. HOFFMAN,
WALTER M. CAMPBELL,

By /s/ WALTER M. CAMPBELL,
Attorneys for Claimant.

Receipt of Copy acknowledged.

[Endorsed]: Filed December 18, 1957. [16]

United States District Court, Southern District
of California, Central Division

Civil No. 590-57—HW

UNITED STATES OF AMERICA,

Libelant,

vs.

ONE 1957 FORD THUNDERBIRD AUTOMO-
BILE, Motor No. D7FH.116357, Its Tools and
Appurtenances,

Respondent.

FINDINGS OF FACT, CONCLUSIONS
OF LAW, AND JUDGMENT

The above-entitled matter having come on for trial, such trial being duly noticed for trial, on the 31st day of October, 1957, before the Honorable Harry C. Westover, United States District Judge, Walter M. Campbell, having appeared as counsel for the Claimant, Anna Valetta Nocita, otherwise known as Anna Valetta Ewing; Laughlin E. Waters, United States Attorney, Richard A. Lavine and Burton C. Jacobson, Assistants United States Attorney, by Burton C. Jacobson, having appeared as counsel for Libelant, United States of America, evidence having been taken, and the Court being fully advised in the premises, the Court makes the following Findings of Fact, Conclusions of Law, and Judgement: [18]

Findings of Fact

I.

The automobile under seizure herein was a 1957 Ford Thunderbird automobile, Motor No D7FH.116357. That the United States of America is the Libelant herein and that all the acts involved in this cause of action took place within the jurisdiction of this Court, in the Southern District of California, Central Division.

II.

The registered owner of said Ford Thunderbird automobile was Anna Veletta Nocita, otherwise known as Anna Veletta Ewing.

III.

That Anna Veletta Nocita, otherwise known as Anna Veletta Ewing, was the wife of Roland Nocita.

IV.

That the said Roland Nocita had the consent and permission of the said Anna Veletta Nocita, otherwise known as Anna Veletta Ewing, for the use of the said 1957 Ford Thunderbird automobile.

V.

That the said Roland Nocita has never filed an application for a wagering permit; nor did he have or has he ever had said wagering permit; nor has he ever paid the wagering occupational tax; nor

is he now or ever has registered with the official-in-charge of the Internal Revenue District as a person required to pay a special tax under Section 4412 of Title 26, United States Code.

VI.

That prior to and on or about November 24, 1956, said Roland Nocita was engaged in bookmaking activities, viz., the receiving of wagers. That said Roland Nocita engaged in said bookmaking activities without filing application for a wagering [19] permit and without payment of the wagering occupational tax, with intent to defraud the United States of said taxes, and in violation of Sections 4411 and 4412, Title 26, United States Code.

VII.

That prior to and on or about November 24, 1956, said Ford Thunderbird automobile had been used by said Roland Nocita in receiving wagers without filing application for wagering permit and without payment of the wagering occupational tax, with intent to defraud the United States of said taxes, and in violation of Sections 4411 and 4412, Title 26, United States Code.

VIII.

That the use of the said Ford Thunderbird automobile by the said Roland Nocita was a use in his business of bookmaking and was an active aid and facilitation of that bookmaking business.

IX.

That on or about November 24, 1956, at Los Angeles, County of Los Angeles, State of California, duly authorized and acting investigators of the Intelligence Division, Internal Revenue Service, Treasury Department of the United States, seized the said 1957 Ford Thunderbird automobile, Motor No. D7FH.116357, its tools and appurtenances.

X.

That at the time of the reading of the Monition of the within Libel, a default was entered as to all parties not appearing, with the exception of Anna Valetta Nocita, otherwise known as Anna Valetta Ewing, who then filed a Claim and Answer.

From the foregoing Findings of Fact, the Court makes the following Conclusions of Law: [20]

Conclusions of Law

I.

This Court has jurisdiction to entertain the within Libel and to decree a forfeiture.

II.

The 1957 Ford Thunderbird automobile has been used in violation of Sections 4411 and 4412 of Title 26, United States Code, and is subject to seizure and forfeiture pursuant to the provisions of Section 7302 of Title 26, United States Code. That when it is shown that a vehicle is being used by a bookmaker in his bookmaking activities when he has not filed an application for a wagering permit

and has not paid the wagering occupational tax, and has not registered with the Internal Revenue Director as required by law, this is sufficient evidence to show that the vehicle is being used in carrying on an illegal operation to further violations of Title 26, Sections 4411 and 4412, United States Code; and that it is not necessary to find physical evidence of the violation within the said vehicle, for the reason that there is no concrete physical evidence needed in the making of bets, and no agreement in writing is required for the making of said bets. Therefore, the use of the vehicle as described above, subjected it to forfeiture pursuant to Section 7302 of Title 26, United States Code.

III.

That the validity of the issuance and service of the Warrant of Arrest on Roland Nocita in the possession of the officers that seized the respondent vehicle is not material to the issues of this case.

IV.

The seizure of the respondent vehicle was not illegal. [21]

V.

Roland Nocita was a person required to have a stamp and to register pursuant to the provisions of Sections 4401, 4411 and 4412 of Title 26, United States Code.

VI.

The Libelant, United States of America, has proved by a preponderance of the evidence that the

respondent Ford Thunderbird automobile was used by Roland Nocita in violating the Internal Revenue laws.

VII.

The Court having found that the respondent Ford Thunderbird automobile was used in violation of the Internal Revenue laws of the United States, and therefore said automobile shall be forfeited, and judgment entered in favor of the Libelant, and the Libelant to have its costs.

The Court having made its Findings of Fact and Conclusions of Law, now gives judgment as follows:

Judgment

Good Cause Appearing Therefor, It Is Hereby Ordered, Adjudged and Decreed that the said 1957 Ford Thunderbird automobile, its tools and appurtenances, be and the same are hereby condemned and forfeited to the United States of America, and

It Further Appearing that application has been filed in the above-entitled action by the Administrator of General Services, General Services Administration, pursuant to the provisions of 49 Stat. 880 (40 U.S.C. 304i) and 63 Stat. 380 (5 U.S.C. 630a) for delivery of said automobile to the Regional Commissioner of Internal Revenue, Treasury Department, San Francisco, California, for official use. [22]

Now, Therefore, It Is Ordered that the said 1957 Ford Thunderbird automobile, Motor No. D7FH.-

116357, its tools and appurtenances, be delivered by the United States Marshal to the Regional Commissioner, Internal Revenue Service, Treasury Department, San Francisco, California, or a duly appointed representative, for official use, and when no longer needed for official use by said bureau, be disposed of in the same manner as other surplus property in accordance with law.

Dated: This 19th day of Dec., 1957.

/s/ HARRY C. WESTOVER,
United States District Judge.

Presented by:

/s/ BURTON C. JACOBSON,
Assistant U. S. Attorney.

Affidavit of Service by Mail attached.

Lodged December 11, 1957.

[Endorsed]: Filed and entered December 19, 1957. [23]

[Title of District Court and Cause.]

NOTICE OF APPEAL

Notice Is Hereby Given that Anna Valetta Nocita, the Claimant herein, hereby appeals to the United States Court of Appeals for the Ninth Circuit from the final judgment entered in this action on the 19th day of December, 1957.

Dated: This 23rd day of December, 1957.

/s/ WALTER M. CAMPBELL,
Attorney for Claimant.

Receipt of copy acknowledged.

[Endorsed]: Filed December 26, 1957. [25]

In the United States District Court, Southern
District of California, Central Division

No. 428-57—HW Civil

UNITED STATES OF AMERICA,

Libelant,

vs.

TWO THOUSAND ONE HUNDRED FORTY
DOLLARS AND THREE CENTS, United
States Currency and Coin (\$2,140.03),

Respondent.

No. 590-57—HW Civil

UNITED STATES OF AMERICA,

Libelant,

vs.

ONE 1957 FORD THUNDERBIRD AUTOMO-
BILE, Motor No. D7FH.116357, Its Tools and
Appurtenances,

Respondent.

Honorable Harry C. Westover, Judge Presiding.

REPORTER'S TRANSCRIPT
OF PROCEEDINGS

Appearances:

For the Libelant:

LAUGHLIN E. WATERS,

United States Attorney, by

BURTON C. JACOBSON,

Assistant United States Attorney.

For the Respondents:

DESSER, RAU & DAVID M. HOFF-
MAN, by

WALTER M. CAMPBELL, ESQ.

Thursday, October 31, 1957—10:00 A.M.

The Clerk: 428-57—HW, United States of America v. Currency \$2,140.03, and 590-57—HW, United States of America v. One 1957 Ford Thunderbird Automobile.

Mr. Campbell: Walter M. Campbell for the claimants in both cases.

Mr. Jacobson: Burton Jacobson for the Government in both cases.

The Court: Has there been an order to consolidate the cases for trial?

Mr. Jacobson: I believe Judge Yankwich did enter such an order.

Mr. Campbell: I don't know if he did or not. We are agreeable. I would point out to your Honor—

The Court: If no order has been made, I will make an order now consolidating them. [4*]

* * *

Mr. Jacobson: There is still the matter of the stipulation.

Mr. Campbell: Yes; I will enter into the stipulation that at the time involved, namely, the 24th day of November, 1956, that Roland Nocita had not to that date filed an application for a wagering permit, and had not paid the wagering occupational tax.

The Court: I don't suppose you will admit that your client was engaged in a wagering transaction at this particular time?

Mr. Campbell: On that date, no. Prior to that date there is no question.

The Court: Prior to that date, but not on that particular date?

Mr. Campbell: That is right. Prior to that date, yes, [12] your Honor. [13]

* * *

Mr. Jacobson: All right. Mr. James Donley, will you take the stand, please?

JAMES P. DONLEY

called as a witness on behalf of the libelant, having been first duly sworn, was examined and testified as follows:

The Clerk: Will you state your name?

The Witness: James P. Donley, D-o-n-l-e-y.

Direct Examination

By Mr. Jacobson:

Q. Mr. Donley, what is your occupation?

A. I am a special agent with the United States Treasury Department Intelligence Division.

(Testimony of James P. Donley.)

Q. Is that the division that investigates wagering violations? A. It is.

Q. In the month of November, 1956, were you so engaged? A. I was.

Q. Do you know a person by the name of Roland Nocita? A. I do.

Q. Do you see that person in this courtroom?

A. Yes; I do.

Q. Would you point him out, please?

Mr. Campbell: Oh, we will waive [14] identification.

The Court: All right.

Q. (By Mr. Jacobson): When was the first time that you had an occasion to see Roland Nocita?

A. It was on the evening of November 20, 1956, at approximately 6:10 p.m.

Q. Where was it that you saw him on that date?

A. I saw him in a Ford Thunderbird, 1957, black with a white top, proceeding south on Long Beach Boulevard, on or about the intersection of Long Beach Boulevard and Firestone.

Mr. Campbell: Pardon me. Did the witness say November 26th?

Mr. Jacobson: 20th.

The Court: November 20th. What time of day was it?

The Witness: Approximately 6:10, your Honor.

The Court: Was it dark?

The Witness: It was dark, yes.

Q. (By Mr. Jacobson): Now, Mr. Donley, did

(Testimony of James P. Donley.)

you happen to observe whether or not this '57 Thunderbird had a license on it?

A. Yes, I—— [15]

* * *

Q. (By Mr. Jacobson): Did you observe whether or not that Thunderbird had a license on it?

A. Yes; I did.

Q. Was it a paper plate or a metal license?

A. It was a paper plate.

Q. What was the number, if you know?

A. The number was 0573243.

Q. Did you have occasion that evening to follow that car? A. I did.

Q. Was Mr. Nocita driving it?

A. He was.

Q. Where did you follow it?

A. Well, when I first saw the car, it drew up on the right side——

* * *

The Witness: When I first saw the car, it drew up on the right-hand side of the vehicle that I was driving, going south on Long Beach Boulevard, and I recognized Mr. Nocita [16] from a picture that I had, and I thought that inasmuch as somebody——

Mr. Campbell: I am going to object to what he thought.

The Court: You cannot testify to what you thought. All you can testify to is to what you did, or what you saw, or what you said to the defendant or in his presence.

(Testimony of James P. Donley.)

The Witness: Yes, your Honor. I followed that Thunderbird south on Long Beach Boulevard to approximately Rosecrans and Lime Avenue in Compton.

Q. (By Mr. Jacobson): Now, after that date, Mr. Donley, did you have occasion to see Mr. Nocita again? A. Yes; I did.

The Court: May I inquire, or may I stop you here and ask a question? Is this the only observation you had of the claimant on November 20th?

The Witness: Yes, sir; it is.

The Court: That is, you followed him in the car, and you followed the car down to Compton?

The Witness: That is right.

The Court: You did not talk to him?

The Witness: No, sir.

The Court: All right.

Q. (By Mr. Jacobson): To where did you follow the car?

Mr. Jacobson: This is important, your Honor.

The Witness: I followed the car approximately as far as [17] Rosecrans and Lime Avenue. However, we observed the car going down Lime Avenue, and turning right on San Vicente.

Q. (By Mr. Jacobson): So it was right near Lime Avenue and San Vicente?

A. Yes. Well, the car stopped there. It turned right on San Vicente, stopped there for a moment, and then backed out, as if to look up the street.

Mr. Campbell: I ask that the last go out.

The Court: It may go out.

(Testimony of James P. Donley.)

Q. (By Mr. Jacobson): So the car stopped somewhere along on Lime Avenue there; is that true?

A. It stopped on the corner of Lime and San Vicente.

Q. All right. Thank you. Now, I ask when was the next time you had occasion to see Mr. Nocita?

A. I saw him approximately at 6:00 o'clock on November 24, '56.

* * *

Q. (By Mr. Jacobson): Where did you see Mr. Nocita on that occasion? [18]

A. I saw him in the 6800 block on South Central Avenue.

Q. I don't remember, but did you say what time of day it was?

A. It was approximately 6:00 o'clock in the evening.

Q. Who was with you?

A. Special Agent Katayama and Special Agent Virgil Crabtree, and Deputy Sheriff Gilbert Shulton, Sheriff's Sergeant James Johnson, and Deputy Sheriff Carl Seltzer.

Q. Did you see a 1957 black Thunderbird there also? A. I did.

Q. Where was it?

A. That was parked facing south directly in front of the Goodyear plant in about the 6800 block of South Central Avenue.

The Court: May I inquire, you didn't see the claimant in the Thunderbird?

(Testimony of James P. Donley.)

The Witness: No, your Honor.

The Court: Where was he when you saw him? You haven't told us yet.

The Witness: When I first saw him he was in the rear seat of one of the deputy sheriff's personal cars in custody.

The Court: So when you saw this Thunderbird and the claimant, the claimant then was in custody in the rear seat of the deputy sheriff's car? [19]

The Witness: That is right, your Honor.

Q. (By Mr. Jacobson): Now, did you have occasion to go over and talk to Mr.—well, let me ask you: You say he was in custody in the rear seat of the deputy sheriff's car. Was he arrested, do you know?

A. No; he was being detained at that time, when I first saw him.

Q. What did you then do?

A. Well, Special Agent Katayama and I brought an arrest warrant to Special Agent Crabtree, who handed it to Mr. Nocita.

Q. Did you hear Mr. Nocita at that time say anything about that Thunderbird? [20]

* * *

The Witness: Well, at that time I requested Mr. Nocita to give me the keys to the Thunderbird, so that we could effect the search of it.

Q. (By Mr. Jacobson): And did he?

A. And he didn't until he was shown the arrest warrant, and at that time he obtained the keys from a third party and allowed the search to be made.

(Testimony of James P. Donley.)

Q. I want to repeat the question: Did he at that time say anything about the car? Did he say that the Thunderbird [21] was his?

A. Yes; he did. He said, "I want to take care of my car."

Q. Did he indicate which car he meant by that?

A. Yes; he meant the Thunderbird.

Mr. Campbell: May I have that answer read?

The Court: It may go out.

Mr. Campbell: I understood him to say he assumed.

The Court: He said he meant the Thunderbird, which is purely a conclusion upon the part of this witness. You can testify to what he said. What did he say?

The Witness: He said he wanted to take care of that car, and he indicated the Thunderbird.

Mr. Campbell: I ask that the last be stricken as his conclusion.

Q. (By Mr. Jacobson): Did you see him make any gesture toward the Thunderbird?

The Court: Just a moment. I will overrule the objection. You said he indicated the Thunderbird. How did he indicate?

The Witness: Well, your Honor, that was the only car that we were talking about at that time.

The Court: You haven't testified that anybody was talking about any car, and you were asked about the conversation, and the only conversation you have given us so far is that [22] Mr. Nocita said, "I want to take care of that car."

(Testimony of James P. Donley.)

Now, if you will just go back and give us the entire conversation that you had with the claimant, maybe we can come to the same conclusion that you came to, that he did refer to the car.

Q. (By Mr. Jacobson): Just tell us the entire conversation, please.

A. First of all, he refused to——

The Court: Now, he didn't ask you what he refused to do. I will ask you, what did he say and what did you say?

The Witness: Well, I asked him for the keys to search the car, first, and he said he didn't have the keys.

And I asked him, "Well, who does have them?"

And there was a lapse of maybe five or six minutes, and Mr. Nocita called across the street to a person on the other side of the street, which would have been on the east side of the street, and told him to bring the keys over, that it was all right, and so this man threw the keys over, and we got the keys and searched the Thunderbird.

Q. (By Mr. Jacobson): Mr. Donley, did those keys fit that Thunderbird?

A. They did.

Q. Did you notice the license number of that Thunderbird that you searched that night?

A. Yes. [23]

Q. What was it? A. It was MVY 377.

Q. Those were metal plates, then?

A. They were.

Q. What color was this Thunderbird?

(Testimony of James P. Donley.)

A. It was black with a white or a cream top, hard top.

Q. What year was it? A. 1957.

Q. Now, did you have an occasion to interview Mr. Nocita later that evening? A. I did.

Q. Where?

A. In the office of the South Gate Police Department.

Q. What time was that?

A. It was around 9:00 o'clock, 9:15.

Q. In substance will you——

A. It was 9:40 p.m., I see from my notes.

Q. Will you please relate the substance of that interview?

Mr. Campbell: May we have the further foundation first, if the court please, as to the parties present?

The Court: Fix the time and place, and establish who was there.

Q. (By Mr. Jacobson): Who was there, please, Mr. [24] Donley?

A. Well, there was Mr. Nocita, Special Agent Crabtree, and myself at the beginning of the interview.

Mr. Campbell: For the purpose of the record I will again make the objection on behalf of Mrs. Nocita, as to the conversation being hearsay as to her.

The Court: Overruled.

Q. (By Mr. Jacobson): Now, will you please relate the substance of what that conversation was?

(Testimony of James P. Donley.)

A. Well, Mr. Crabtree advised Mr. Nocita of his constitutional rights.

Mr. Campbell: I ask that that be stricken as a conclusion of the witness, if the court please.

The Court: Sustained.

Q. (By Mr. Jacobson): Just tell us what you said, and what he said, and what anyone else who was there at that conversation said.

A. Mr. Nocita said that he did accept football wagers but that he did not book horse races and he said that the money in his possession was for a crap game to be held at the 6800 Club tonight, and the 6800 Club is a smoke shop.

He said that the——

The Court: Wait a minute. Let's go back and get that. He said the money was to be used in a crap game?

The Witness: That's right, your Honor. [25]

The Court: All right.

The Witness: He said that the markers we found in his pockets were not his, that is, the markers for horse race markers.

Mr. Campbell: I ask that the last be stricken as a conclusion of the witness.

The Court: It may go out.

Mr. Jacobson: Pardon me? How did you state the last?

The Court: He said the markers were horse race markers. We don't know anything about that. He said the markers were not his. Now, I don't know what kind of markers he had. He might have had

(Testimony of James P. Donley.)

a tin can, or he might have had a piece of paper, or it might have been anything.

Mr. Jacobson: May it not be admitted, the fact that it was what Mr. Nocita said?

Mr. Campbell: He added his conclusion as to what they were.

The Court: He added his conclusion. He can't give us his conclusion. He can state what Mr. Nocita said.

Q. (By Mr. Jacobson): What exactly did Mr. Nocita say about those pieces of paper?

A. He said that, "The markers and the O-sheets aren't mine."

Q. All right. What did you do?

A. He said he was holding them for a person, but he [26] refused to give me the name of the person that he was holding them for.

I asked him when he was last employed, and he said he was employed in 1949, when he worked as a bartender at the Atlantic Club in Compton.

Q. In 1949 he said was the last time he had been employed?

A. That's right.

Q. Did he say anything about the Thunderbird?

A. Yes. He said that he owns a 1957 Thunderbird in his wife's name, and he said that he had only made the down payment on it by trading his 1954 Pontiac at Ben Barkley's at Slauson and Central, and he was financing both the Thunderbird and a 1957 Ford sedan through a CIT and a PFC, respectively.

(Testimony of James P. Donley.)

Q. Was there any more of the conversation, Mr. Donley?

A. I asked him—I said, “Well, what were you doing at the smoke shop?”

He said that he held the master lease there, and that he pays \$110.00 a month on that lease, and that he had formerly subleased the place to Joe Mangiameli, but that six months previously Mangiameli had been arrested for bookmaking there, and that since Mr. Nocita was stuck with the lease, he went there to conduct crap games until the lease was over. [27]

The Court: Is that what he said?

The Witness: Yes, your Honor.

The Court: You said this was in front of 6800 South Central Avenue?

The Witness: No, your Honor. This was in the South Gate Police Department that this conversation took place.

The Court: Yes, I know, but you were talking about the smoke shop. Where was the smoke shop?

The Witness: At 6800 South Central, your Honor.

Then I asked Mr. Nocita what his occupation is, and he said, “I more or less invest.”

He stated that he personally took small football bets from individuals, but would rebet the money on another game with other individuals.

Q. (By Mr. Jacobson): Did he say anything further as to that?

A. Well, I told him that I was thinking about

(Testimony of James P. Donley.)

making an examination of his income tax returns, and, in fact, I told him that they had been examined, and I asked him what the source of his income was, and he said he figures he makes eight or nine hundred dollars a month.

* * *

The Witness: He said that he figures he makes eight or nine hundred dollars a month in his investments, and that [28] that is what he reports.

Q. (By Mr. Jacobson): Was there anything further?

A. I think that pretty completely covers the conversation except for personal information that Mr. Nocita gave me.

Q. Did you question him regarding any background or any prior arrests?

* * *

The Witness: I don't believe I did ask him if he had any prior arrests.

Mr. Jacobson: Thank you. No more questions.

Cross-Examination

By Mr. Campbell:

Q. Mr. Donley, I understand your testimony is that on [29] this occasion on November 20th, when you saw Mr. Nocita, he was alone in the car?

A. He was.

Q. And he was alone in the car the last time you saw him on that occasion? A. He was.

(Testimony of James P. Donley.)

Q. And the last you saw of him on that day, he was still in the car, wasn't he?

A. That's right.

Q. He had stopped at an intersection; isn't that correct?

A. No, sir. He turned the corner around the intersection, and then stopped.

Q. And then stopped. Now, did you observe, or, what did you do then? Did you drive on?

A. No; I waited approximately a block away.

Q. All right. What did you observe?

A. Then I observed the car—after crossing the intersection and making the right-hand turn, I observed that car back up slightly, perhaps for ten feet, and then proceed on west on San Vicente.

Q. All right. So he never got out of the car on that occasion you saw him?

A. Well, there was a lapse of about five minutes from the time that he made the turn until I saw him last. [30]

Q. Did you ever see him get out of the car at that time? A. No, sir.

Q. So far as you know, he never got out of the car? A. That's correct.

Q. Did you see anybody approach the car at any time? A. No; I didn't.

Q. All right. So far as you know, he may have stopped to eat a sandwich?

The Court: Now, don't speculate. Don't speculate.

(Testimony of James P. Donley.)

Mr. Campbell: All right, your Honor. I am sorry.

Q. Now, on this occasion at 6:00 p.m. on the 24th of November, when you arrived on the scene, and you say that Mr. Nocita was in custody or under restraint, I think you put it, or was being detained by one of the deputy sheriffs; is that right?

A. That's correct.

Q. I take it that he was being detained until the Federal men arrived; is that correct?

A. That's not correct. Special Agent Crabtree was in the car with Deputy Sheriff Shulton and Seltzer at the time.

Q. I see. So that, as far as you know, Special Agent Crabtree was there at the time of his original detention; is that right? [31]

A. That's correct.

Q. But you and Mr. Katayama, I understood you to say, arrived with some warrant for his arrest; is that correct?

A. That's correct.

Q. Did you also have a warrant for the seizure of any property?

Mr. Jacobson: I will object to the question as being irrelevant and immaterial, and calling for a conclusion.

The Court: Overruled.

The Witness: No; we didn't.

Q. (By Mr. Campbell): Did you ever obtain one?

A. Never.

Q. Now, the place where the car was located, where you first saw Mr. Nocita being detained, was

(Testimony of James P. Donley.)

immediately adjacent to his place of business, was it not?

A. I would say it was directly across the street.

Mr. Campbell: Directly across the street.

The Court: Counsel, let's clear up something. You say "his place of business," and, according to this witness, the testimony was that Mr. Nocita had a master lease on the premises. I don't know whether he operated the premises, or whether he leased them to someone else. When you call it his place of business, I think it is a misnomer.

Mr. Campbell: That will develop, I think, if not through this witness, through the other Government witness. [32]

Q. The place of business referred to is a cigar, and magazine, and tobacco store, is it not, with a room in the back?

A. Well, the name of it is the Smoke Shop.

Q. The Smoke Shop? A. That's right.

Q. Do you know of your own knowledge whether that was Mr. Nocita's place of business? Did he operate the Smoke Shop?

A. I believe that subsequent to the November 24th——

Mr. Jacobson: Excuse me, Mr. Donley. Only if you know is what he is asking.

The Court: Now, do you object? I will sustain the objection because he can't testify to what he believes.

Mr. Campbell: I didn't ask for his belief. I asked him if he knew.

(Testimony of James P. Donley.)

The Court: That is right, and he can answer that "Yes" or "No."

Q. (By Mr. Campbell): Do you know whether Mr. Nocita operated that Smoke Shop personally?

A. You mean prior to November 24th?

Mr. Campbell: Yes.

The Court: No; on November 24th.

Q. (By Mr. Campbell): Up to and including November 24th? Up to and including the time you went out there at 6:00 p.m. [33] and saw him in detention?

A. I had been told that he——

Mr. Jacobson: I will ask that that be stricken.

The Court: Sustained. If you don't know, just say you don't know.

The Witness: Well, your Honor, I had been told previously.

The Court: You can't testify to what you have been told.

Q. (By Mr. Campbell): You have no personal knowledge, I take it?

A. That's correct.

Q. Were you ever in the place of business?

A. Yes.

Q. Prior to November 24th?

A. No.

Q. You have been there subsequent to November 24th?

A. That's correct.

Q. And you have observed Mr. Nocita since that time operating the business, have you not?

A. No, sir.

Q. You have never observed him on the premises?

A. No, sir.

Q. Were you there during business hours?

(Testimony of James P. Donley.)

A. I was. [34]

Q. On how many occasions? A. Twice.

Q. Twice. And at what hours of the day?

A. Well, I would say the first time I was there was around 3:00 o'clock in the afternoon.

Q. And the other occasion, what time of day was it?

A. It would have been around noon.

Q. Around noon. The place was open for business on both occasions? A. Yes; it was.

Q. Now, you say you searched the Thunderbird on that occasion; is that correct?

A. That's correct.

Q. What did you find in it?

A. I found some clothing.

Q. Some clothing. Anything else?

A. I searched the trunk of the car, and that's what I found; clothing, and a golf bag, and some golf balls and clubs.

Q. Personal belongings?

A. That is correct.

Q. Nothing else? A. Nothing else.

Q. I presume the automobile tools, too?

A. Well, I don't recall the tools. [35]

Q. That is all you found in the trunk?

A. That's right.

Q. And you were the person who on that occasion unlocked the trunk, weren't you?

A. I was.

Q. And you were the first person to examine the trunk? A. That is correct.

(Testimony of James P. Donley.)

Q. You say that later at the police station, and in the presence of the various officers that you have described, Mr. Nocita told you that the money he had on his person was to be used in a crap game later that evening? A. That's correct.

Q. Is that all he said about the money?

A. I think that there was—he said that he had borrowed it.

Mr. Jacobson: I ask that be stricken. He said he thinks.

Q. (By Mr. Campbell): First answer "Yes" or "No," if he said anything else about the money.

A. Yes; he did.

Q. What did he say about the money?

A. He said that some of that money wasn't his.

Q. He told you some of that money he had borrowed that day, did he not?

A. That's correct.

Q. And he told you whom he borrowed it from, didn't he? [36] A. No, sir; he didn't.

Q. Did he tell you at any time whom he had borrowed it from? A. No, sir.

Q. Didn't you make an investigation yourself to determine if it had been borrowed on that date?

A. Subsequent to that time we have attempted to make such an investigation, yes.

Q. And you found that it was true, that a portion of that money had been borrowed on that very day, did you not? A. No, sir.

Q. Did you remove the money from the person of Mr. Nocita? A. No, sir.

(Testimony of James P. Donley.)

Q. Did you see it removed? A. Yes, sir.

Q. Where was Mr. Nocita at the time it was removed from his person?

A. He was sitting in the back seat of the personal automobile of one of the deputy sheriffs.

Q. And at that time in your presence he was searched? A. That's correct.

Q. Was he in handcuffs, or were his arms free at that time?

A. He was handcuffed, as I recall. [37]

Q. Was he handcuffed when you arrived on that date? A. Yes, sir.

Q. How many people were in the car when you observed him being searched?

A. Special Agent Crabtree, I believe, was in the front seat of the car.

Q. Yes.

A. And Deputy Sheriff Shulton was in the back seat, and on the other side of Mr. Nocita was also in the car Mr. Carl Seltzer.

Q. Two of the police officers were in the back seat with him, and Mr. Crabtree was in the front seat? A. As I recall, yes, sir.

Q. And where were you?

A. I was standing between the curb and the sidewalk, observing what was going on.

Q. Did anyone at that time and during the course of the conversation in Mr. Nocita's presence state how long he had been held under detention there prior to your arrival?

A. I knew how long he had been.

(Testimony of James P. Donley.)

Q. How long had he been under detention?

A. I would say not more than—oh, I would say about less than ten minutes.

Q. All right. Now, at the time that the money was removed from his person, so we may have no misunderstanding, [38] this is the \$2,100.00 referred to, is it not? A. Pardon?

Q. How much was taken from his person?

A. \$2,145.00, I believe.

Q. That is the same money referred to in the libel here before this court, is it not?

A. That's correct.

Q. All right. Now, how was that money being carried? In other words, was it all in a wallet?

A. No.

Q. Isn't it a fact that a portion of it was in a bank envelope? A. That's correct.

Mr. Campbell: May that envelope be produced at this time?

Mr. Jacobson: We don't have it.

Q. (By Mr. Campbell): In taking the money, did you take the envelope?

A. I didn't take the money.

Q. I see. Was the money still in the envelope after it was taken from his person? A. Yes.

Q. And who had the money at that time, the last you saw it?

A. The last I saw it, I believe it was Deputy Sheriff [39] Carl Seltzer.

Q. And you have not seen the money, nor the envelope since that time, is that correct?

(Testimony of James P. Donley.)

A. Oh, yes; I have seen them since.

Q. Have you seen the envelope since that time?

A. Yes; I saw the envelope in the Sheriff's Office over in the South Gate Police Department, when Carl Seltzer and I counted the money in the presence of Mr. Nocita.

Q. All right. And is that the last time you saw the envelope?

A. To the best of my recollection, I believe it is.

Q. Did you see anything done with the envelope on that occasion? A. No. [40]

* * *

Q. (By Mr. Campbell): You were present when it was counted? A. That's right.

Q. You helped count it? A. I did.

Q. What is your best recollection as to the amount that was in that envelope?

A. That there was \$1,000.00.

Q. All right. Did the envelope have on the outside of it the imprint of a bank?

A. To the best of my recollection, it did.

Q. And do you recall what bank?

A. I believe it was the Bank of America.

Mr. Jacobson: I will move that that answer be stricken.

The Court: Denied.

Mr. Campbell: I am asking for his best recollection, if the court please.

The Court: Denied.

Mr. Campbell: And it is cross-examination.

(Testimony of James P. Donley.)

The Court: I think that the Government should produce the envelope here as a part of the evidence, and I don't know, but the Government usually does not destroy any evidence at all, and if this was a narcotics case, I am quite sure the [41] Government would have the envelope, and all the containers, and everything else. It seems to me the Government ought to have the envelope somewhere, or the Sheriff's Office.

Mr. Jacobson: The only envelope that we have is the envelope from the South Gate Police Station.

Mr. Campbell: I am referring to the envelope in which the money was at the time the money was seized.

Mr. Jacobson: It is not in the Government's possession.

Mr. Campbell: Very well.

The Court: All right. The witness has testified it was in a Bank of America envelope.

Q. (By Mr. Campbell): Now, on the occasion you have previously testified about, the time you saw Mr. Nocita in the Thunderbird on November 20th, or, on November 24th at any time, on that occasion did you see Mr. Nocita in the Thunderbird car? A. No, sir.

Mr. Campbell: That is all of this witness.

The Court: Any redirect?

Mr. Jacobson: No redirect.

The Court: All right. Step down.

(Witness excused.)

Mr. Jacobson: The Government will next call Mr. Carl Seltzer. [42]

CARL SELTZER

called as a witness on behalf of the libelant, having been first duly sworn, was examined and testified as follows:

The Clerk: Will you take the stand and state your name?

The Witness: Carl Seltzer, C-a-r-l S-e-l-t-z-e-r.

Direct Examination

By Mr. Jacobson:

Q. Mr. Seltzer, what is your occupation?

A. Deputy Sheriff of Los Angeles County, currently assigned to the Vice Detail.

Q. Is the Vice Detail the detail that investigates bookmaking? A. Yes, sir; it is.

Q. On November 24th were you present at the arrest of Mr. Nocita? A. No, sir.

Q. Did you see Mr. Nocita on that date?

A. Yes, sir.

Q. Where did you see him?

A. In the back seat of Deputy Shulton's automobile.

Q. If you know, had he at that time been apprehended? A. Yes, sir.

Q. Then you arrived; is that correct? [43]

A. Yes, sir.

Q. Were you present at the time that the war-

(Testimony of Carl Seltzer.)

Q. Warrant referred to in Mr. Donley's testimony—first, were you just present in court and did you hear Mr. Donley testify? A. Yes, sir.

Q. Now, were you present at the time that the warrant referred to in Mr. Donley's testimony was shown to Mr. Nocita? A. Yes, sir.

Q. At the time it was shown to Mr. Nocita, did he say anything? [44]

* * *

Q. (By Mr. Jacobson): Did Mr. Nocita say anything at that time? A. Yes, sir.

Q. Did you hear what he said? A. Yes, sir.

Q. What did he say?

A. As he was handed the warrant back, he said, "You guys can search me now."

Q. Did you take part in the search?

A. Yes, sir.

Q. What did you get?

A. Numerous pieces of paper, and an envelope containing U. S. currency, and U. S. currency rolled up in a wad.

Mr. Jacobson: Will you mark these, please?

The Clerk: May I fasten these together?

Mr. Jacobson: Yes.

The Clerk: Government's Exhibits 1 and 2, for identification.

(The documents referred to were marked Government's Exhibits 1 and 2 for [45] identification.)

* * *

(Testimony of Carl Seltzer.)

Q. (By Mr. Jacobson): Now, Officer, I show you numerous pieces of paper, and ask you if you have ever seen those before?

A. Yes, sir; I have.

Q. Are those the pieces of paper that were taken in that search of Mr. Nocita on that night?

A. Yes, sir.

Q. Were they together in a group like that, or were they separate pieces of paper?

A. Both stacks as they appear now were together in one stack rolled up in a wad.

Q. Now, how long have you been attached to Vice, Officer?

A. Approximately two years.

Q. How long have you been investigating bookmaking? A. For two years.

Q. Have you had any formal education?

A. Yes, sir.

Q. Have you had any special education regarding bookmaking? A. Yes, sir.

Q. What was that? [47]

A. I had a 20-week course at Los Angeles State College in vice control, which had almost entirely to do with bookmaking and wagering, as it was conducted in Los Angeles County.

Mr. Campbell: Pardon me. What was the name of that course?

The Witness: Vice control.

Q. (By Mr. Jacobson): Approximately how many bookmaking investigations have you either conducted or been in on? A. In excess of 200.

(Testimony of Carl Seltzer.)

Q. Have you ever testified as an expert witness before regarding bookmakers and how they operate, and their paraphernalia? A. Yes, sir.

Q. About how many times?

A. Approximately thirty times.

Mr. Jacobson: Now, may I ask that these be marked?

The Clerk: Government's 3, 4 and 5, for identification.

(The documents referred to were marked Government's 3, 4 and 5, for identification.)

Q. (By Mr. Jacobson): Now, Officer, I show you Government's Exhibits 3, 4 and 5, for identification, and ask you if you have ever seen those before?

Mr. Campbell: Those particular ones, or similar ones?

Mr. Jacobson: I will even say those particular ones. [48]

The Witness: Yes, sir, I saw these three pieces of paper before.

Mr. Jacobson: What are they?

Mr. Campbell: Let's have a foundation, first, as to where he saw them before.

Q. (By Mr. Jacobson): Where did you see them before?

A. I purchased two myself from the office of the National Daily Reporter, and accompanying me was Special Agent Donley, and he purchased the third one.

(Testimony of Carl Seltzer.)

The Court: You mean you went out to a news stand, or somewhere, and just bought these exhibits?

The Witness: No, sir. I went to the place of publication.

The Court: To the place of publication?

The Witness: That's right.

Q. (By Mr. Jacobson): That is on these three?

A. Yes, sir. [49]

* * *

Q. (By Mr. Jacobson): I will again ask you, what are those exhibits, 3, 4 and 5?

A. They are commonly called scratch sheets.

Q. Can you buy them anywhere?

A. Yes, sir.

Q. Now, I refer you to Exhibit——

The Court: It is not unlawful to buy a scratch sheet, is it?

The Witness: Not to my knowledge.

The Court: And it is not unlawful to have one?

The Witness: In certain instances it is.

The Court: Well, if you have one in your possession, are you violating the law?

The Witness: There is a County ordinance which applies, that if a scratch sheet is marked up and you can prove that [51] it was used for bookmaking, it is illegal to have it in your possession.

The Court: Is it illegal to sell them?

The Witness: Not to my knowledge.

Q. (By Mr. Jacobson): Under ordinary circumstances I don't believe it is illegal to either buy or sell or possess scratch sheets, plain, ordinary scratch

(Testimony of Carl Seltzer.)

sheets without anything on them; is that right?

A. That is correct.

Q. Now, I again refer you to Exhibits 1 and 2. Did you have occasion to examine those?

A. Yes, sir; I did.

Q. And did you determine what they are?

A. Yes, sir. [52]

* * *

Q. (By Mr. Jacobson): Now, did you determine what they are, officer? A. Yes, sir.

Q. What are they?

A. They are pieces of paper commonly called betting markers, which contain symbols and letters that denote the names of horses, bettors or agents, and the amounts wagered on the horses.

The Court: May I see one of those exhibits?

(The document was handed to the court.)

The Court: All right. You may proceed.

Q. (By Mr. Jacobson: Now, directing your attention to these markers and to these scratch sheets, did you make a comparison between these?

A. Yes, sir, I did. [53]

Q. And what was the result of that comparison?

A. That People's—Government's 1, for identification, and Government's 2, for identification, are betting markers and contain wagers on horses running at various tracks throughout the United States on Thursday, November 22, and Friday, November 23, 1956.

(Testimony of Carl Seltzer.)

The Court: Now, may I see Exhibits 1 and 2, please?

(The documents were handed to the court.)

The Court: Now, can you tell me on these exhibits what the numbers 1, O, C, P mean, in your opinion?

The Witness: In my opinion it is not a "1." It is an "I," and the "O" is the letter "O."

The "I" would stand for incoming monies. The "O" would stand for outgoing monies. The "C" would stand for monies to be collected, and the "P" would stand for monies to be paid.

That first sheet is commonly called an O-sheet.

The Court: Now, what does the "G" represent?

The Witness: That would represent an agent.

The Court: What would "P" represent?

The Witness: That, too, might be an agent.

The Court: And what would "Red M" represent?

The Witness: Also an agent.

The Court: So all the names in the first column, in your opinion, are agents? [54]

The Witness: Yes, sir.

The Court: Now, on the second sheet we have five columns. The first one contains some initials. The first initials are "HD" and the next ones "HW," and the, then about halfway down we have the name, "Willie." What do those names or initials represent?

The Witness: Bettors or agents.

(Testimony of Carl Seltzer.)

The Court: And the second column represents what?

The Witness: Those figures denote names of horses.

The Court: All right. Now, 601, for instance, what is the name of the horse 601?

Mr. Jacobson: I will show you how they make that connection.

The Court: I didn't ask you how it was done. I am asking this witness. You are not testifying.

The Witness: I will have to refer, your Honor, to the National Daily Reporter for Friday, November 23rd, in order to make that comparison.

The Court: Where do you get the indication that it is Friday?

The Witness: By making—by checking the last figures in the last column on each sheet, which are payoffs for each one of these horses.

I made the checks on the scratch sheet, November 24th, which tells you what horses ran, and how much they paid, and [55] I made these checks and put the symbols, as I found the payoffs, corresponding to each one of the horses on a scratch sheet for November 23, 1956.

The Court: What is the name of the horse that is represented by 601?

The Witness: 601 would represent a horse named Model Ace in the first race at Pimlico, the first handicapper's position.

The Court: Now, in the next column we have

(Testimony of Carl Seltzer.)

a "2" with a circle around it. What does that mean?

The Witness: That would mean \$2.00 to win. The circle would indicate that the horse did win.

The Court: And in the next column there is another "2" with a circle around it. What does that mean?

The Witness: That also shows \$2.00 to place, and the circle would mean that the horse did come in for the money.

The Court: And the last column indicates "2." What does that mean?

The Witness: That would be a 12, your Honor.

The Court: Oh, is it 12?

The Witness: Yes, sir.

Mr. Campbell: I didn't get the last answer.

The Court: What does the "12" mean?

The Witness: \$12.00, that the horse came in and paid \$12.00 as a combined win and place bet. [56]

The Court: Now, in the second line the first initials are "HW." What do you think that means?

The Witness: That would be a bettor or an agent.

The Court: Then we have 603 and 625 in the next column. What does that mean?

The Witness: The 603, your Honor, would mean War Phar in the first race at Pimlico, the third handicapper's position, and the 625 would mean a parlay from War Phar to Powder Cap in the second race at Pimlico, the fifth handicapper's position.

The Court: Then the next column has—it looks

(Testimony of Carl Seltzer.)

like a "2" with a little "d" in front of it. What does that mean?

The Witness: That would mean \$2.00 to win the daily double.

The Court: There is nothing here to indicate the horse won?

The Witness: The two lines in the far end column meant that the horse did not win.

The Court: Now, the next line does not have any initials, but does that mean that "HW" carried that on?

The Witness: That is correct. The absence of ditto marks means it is a ditto mark.

The Court: And the 603 refers to the same race as it did in the line above? [57]

The Witness: That is correct, sir.

The Court: Then the next column has a "2"?

The Witness: Yes, sir.

The Court: What does that mean?

The Witness: It means \$2.00 to win.

The Court: And then the next column has a "3" with a circle around it. What does that mean?

The Witness: It means \$3.00 to place. The circle means that the horse came in and placed.

The Court: And the last column has 6.30. What does that mean?

The Witness: That means that at \$3.00, the horse paid \$6.30.

The Court: Now, on page 4 we have a symbol "Hel" in the first column. That represents an agent or a bettor?

(Testimony of Carl Seltzer.)

The Witness: That is correct, sir.

The Court: Then you have 681. What does 681 mean?

The Witness: 681 would stand for Lock's Last in the fifth race at Pimlico.

The Court: Then you have 708. What does that mean?

The Witness: Because the two figures appear on the same line, that would be a parlay. 708 would mean the sixth race at Pimlico. The 708 would be Our Lia, a horse running in the sixth race at Pimlico.

The Court: What do you mean by a parlay in regard to [58] this transaction?

The Witness: It means that the money—that if the first horse comes in, the money that is received on the first horse automatically goes on the second horse as a wager.

The Court: And then the next column has a "1." What does that mean?

The Witness: \$1.00 to win.

The Court: And then the last column has a couple of lines, and that means there was no win; is that correct?

The Witness: That is correct.

The Court: Now, according to this exhibit which we have been talking about, which is Exhibit 2—Exhibits 1 and 2 represent the same things, and they are betting tags?

The Witness: Yes, sir, they are betting markers.

The Court: Or betting markers. Now, Exhibit

(Testimony of Carl Seltzer.)

2 is composed of about 15 sheets, and there are 25 lines to the sheet, so that means about 375 transactions; is that right?

The Witness: Yes, sir.

The Court: Now, you mean to say these 375 transactions were bets placed upon the two days you have mentioned in your testimony?

The Witness: These—all the transactions on Government's 2 were for November 23, 1956.

The Court: Then according to this exhibit, that is approximately 370 or 375 transactions for that particular [59] date.

The Witness: That is correct, sir.

The Court: Now, in Exhibit 1 there are 17 sheets, and these 17 sheets represent transactions on what date?

The Witness: November 22nd.

The Court: By taking Exhibits 1 and 2 and comparing them to the Exhibits 3, 4 and 5, which you purchased out on the street, you can determine, can you, the horse, the race track and the odds—or do you have the odds?

The Witness: Well, I can determine the probable odds before the horse ran off, yes, sir.

The Court: And you say Exhibit 1 is what date?

The Witness: Exhibit 1 is November 22, 1956.

The Court: And Exhibit 2?

The Witness: November 23, 1956.

The Court: All right. I wanted to be educated in this because this is my first experience.

Mr. Jacobson: It is quite a thing, isn't it?

(Testimony of Carl Seltzer.)

May I see the markers again?

(The documents were handed to counsel.)

The Court: May I ask the witness another question?

Mr. Jacobson: Certainly.

The Court: Is there any way of telling from those two exhibits whether or not the transactions had been completed and the bets had been [60] paid?

The Witness: No, sir, there is no way of telling whether the bettors received their money or the bookmaker received his money from these sheets.

The Court: But you are satisfied that the race was run before November the 24th?

The Witness: Yes, sir.

Mr. Jacobson: All right. Now, your Honor will be interested in this:

Q. I want to refer you to this bunch of symbols right here, whether it is "HD" or "HO," 601, and in the next column a "2" with a circle, the next column another "2" with a circle, and then it looks like \$2.00 way over at the end.

Mr. Campbell: That is what Exhibit number?

The Court: That is Exhibit 2. He said already that is \$12.00. He has already testified to what those symbols mean.

Mr. Jacobson: Oh, \$12.00.

Q. Now, will you just show us how from this you are able to go back to those sheets and determine all that?

(Testimony of Carl Seltzer.)

A. Directing your attention to Friday, November 23rd, and to the National Daily Reporter corresponding to Friday, November 23rd, as I have previously testified, I have placed indicators on this scratch sheet to denote the symbols—corresponding to the symbols on Government's [61] 2, for identification.

The first symbol which he made reference to is 601. I placed the symbol "60" and the printed symbol "1," which denotes the handicapper's position in the first race at Pimlico, which would be Model Ace.

I arrived at that by checking the National Daily Reporter for November 24, 1956, on page 4, where the race results for the previous day's races are recorded.

Directing your attention to the first race at Pimlico, the winner was Model Ace, which paid \$7.40 to win, and \$4.60 to place. The wager on People's 2 was \$2.00 to win and \$2.00 to place.

Directing your attention again to the results on page 4 of November 24, 1956, the results of \$7.40 to win was for a \$2.00 bet, and the \$4.60 to place is also for a \$2.00 bet. Combining those two payoffs of \$7.40 and \$4.60, they figure up to be \$12.00, which corresponds to the \$12.00 which is on the first line of People's 2, for identification.

I did that with all the other transactions on all the markers which had payoffs on the far right column, and then noted all these corresponding numbers for the horses on the scratch sheets which gave

(Testimony of Carl Seltzer.)

me indicators for the other horses which did not have payoffs.

Q. Now, let me ask you, is this top sheet called by a different name than all the other sheets? [62]

A. Yes, sir. The top sheet, yes, sir, it is.

Q. What is it called?

A. It is commonly called an O-sheet.

Q. And what are all the other sheets called?

A. Betting markers.

Q. What does an O-sheet usually denote?

Mr. Campbell: That is objected to as calling for a conclusion.

The Court: Overruled.

The Witness: In my opinion, an O-sheet denotes the amount of money which comes in to a bookmaker, the amount of money which is to be paid out by a bookmaker, the amount of money that is owed by a bookmaker, and the amount of money that he is to receive.

* * *

Q. (By Mr. Jacobson): What was your testimony that these symbols along the far left column denote?

* * *

The Witness: In my opinion, the names and symbols on [63] the left column denote agents or bettors.

Q. (By Mr. Jacobson): Now, were you able to tell from all these pieces of paper—these markers, whether or not they were recorded on this O-sheet?

A. Yes, sir.

Q. Were they?

A. Yes, sir.

(Testimony of Carl Seltzer.)

Q. Where?

A. Directing your attention to the first line of Government's 2, there appears the letter "G," which corresponds to the "G" on the first marker of People's 2. The next column has the number 1152.00, with the letter "I" above it. The 1152.00 appears on the last page of Government's 2. I figured out all the totals of the amounts wagered, and it comes out to \$1152.00.

The next column is a zero or an "O," and beneath it is the figure 642.35. I figured up to the totals for amounts to be paid out, which appear in the last columns of all these betting markers for Friday, November 23rd, which figure out to be \$642.35. Subtracting \$642.35 from \$1152.00 leaves the figure of 509.65, which is the amount to be collected by the bookmaker.

Q. I see. Now, Officer, did you run substantially the same tests and proofs as you just testified to regarding Exhibit 2 on Exhibit 1? [64]

A. Yes, sir.

Q. And did they prove out substantially in the same way?

A. The first line in substantially the same way, yes, sir.

Mr. Jacobson: At this time I would like to offer Government's 1, 2, 3, 4 and 5 into evidence.

* * *

The Clerk: Government's Exhibits 1, 2, 3, 4 and 5 in evidence.

(Testimony of Carl Seltzer.)

(The exhibits heretofore marked Government's Exhibits 1, 2, 3, 4 and 5 were received in evidence.)

Q. (By Mr. Jacobson): Now, Officer Seltzer, I want to show you this, and ask you if you have ever seen that before?

Mr. Jacobson: Oh, excuse me. Let me just have this marked first.

The Court: It may be marked Government's Exhibit 6. [65]

The Clerk: Government's 6, for identification.

(The exhibit referred to was marked Government's Exhibit 6, for identification.)

Q. (By Mr. Jacobson): Now, Officer, I will ask you if you have ever seen Government's Exhibit 6, for identification? A. Yes, sir, I have.

Q. Tell us what that is, please, if you know.

A. That is a handwriting exemplar card used by the Sheriff's Vice Detail.

Q. Now, on the backside of this in the lower lefthand—in the righthand corner, rather, there is a signature, and it says, "Roland Nocita," and underneath that it says——

Mr. Campbell: Oh, I will stipulate that he will testify that he was present at the time Roland Nocita signed that and put the writing on there, which purports to be his writing. We can save time on that.

Mr. Jacobson: I now offer it in evidence. [66]

(Testimony of Carl Seltzer.)

The Clerk: Government's Exhibit 6.

(The exhibit heretofore marked Government's Exhibit 6 was received in evidence.)

Q. (By Mr. Jacobson): On the day of the arrest, did you observe the Thunderbird parked there on Central Avenue?

A. Yes, sir, I saw it on Central Avenue.

Q. Did you observe the license number on that Thunderbird? A. Yes, sir.

The Court: He has already testified——

Mr. Jacobson: No, he has not.

The Court: No, he has not. Excuse me.

The Witness: Yes, I saw the license number.

Q. (By Mr. Jacobson): Will you tell us what that was? A. MVY 377.

Q. Those were metal plates?

A. To the best of my recollection, it was.

Mr. Jacobson: No further questions. [67]

Cross-Examination

By Mr. Campbell:

Q. Mr. Seltzer, to your knowledge, if you know, how long had that car been parked at the place you saw it?

A. From 12:00 noon until 6:05 p.m., the 24th.

Q. From 12:00 noon until what time?

A. 6:05 p.m.

Q. That was at the time of his arrest; is that correct? A. Yes, sir.

(Testimony of Carl Seltzer.)

Q. You were not present, however, when he was arrested?

A. I was not present when he was apprehended or arrested.

The Court: Just a minute. How do you know it was parked there from 12:00 noon to 6:05 p.m.?

The Witness: I watched the automobile in that time.

The Court: They don't have any traffic cops down there? Can you park for six hours on the street at that location?

The Witness: Apparently on that day you could, your Honor.

Mr. Campbell: I didn't want to add a parking ticket to Mr. Nocita's troubles.

The Court: You say you watched the automobile during that period of time?

The Witness: Yes, sir.

The Court: All right. [68]

Q. (By Mr. Campbell): During that period of time did you ever see Mr. Nocita in the car?

A. No, sir.

Q. All right. Now, coming back to these betting markers which you have identified here as Exhibits 1 and 2, I take it you do not know of your own knowledge that any money of any kind passed hands as a result of those markers, do you?

A. Not to my knowledge, no, sir.

Q. All right. Those were, as I gather your testimony, on the person of Mr. Nocita—taken from his person?

A. That is correct.

(Testimony of Carl Seltzer.)

Q. And they were taken at the time when you observed him in the back seat of Deputy Sheriff Shulton's automobile? A. Yes, sir.

Q. And, I take it, he was handcuffed at that time?

A. We had just taken the handcuffs off of him.

Q. That was when the warrant you referred to arrived? A. Yes, sir.

Q. Up until the time you had the warrant, you had the handcuffs on him, and when the warrant came you took the handcuffs off?

A. That's right. [69]

* * *

Thursday, October 31, 1957—2:00 P.M.

The Court: You may proceed.

CARL SELTZER

the witness on the stand at the time of adjournment, resumed the stand and testified further as follows:

Cross-Examination

(Continued)

By Mr. Campbell:

Q. Now, Mr. Seltzer, returning to the day of November 24th, which was the day of the arrest which you have described, I believe you previously stated that you had had the Thunderbird under observation from about noon of that day until shortly before the arrest of Mr. Nocita in that location on

(Testimony of Carl Seltzer.)

that evening; is that correct? A. Yes, sir.

Q. Had you seen Mr. Nocita on that day?

A. Yes, sir.

Q. And where was he when you saw him? I am speaking of the time prior to the arrest.

A. No, I didn't see him at any time prior to the arrest.

Q. I see. During the period, then, from 12:00 o'clock noon, or approximately then, until 6:05, when you had the [71] Thunderbird under observation, you did not see Mr. Nocita at any time?

A. That is correct.

Q. Now, I believe you stated—correct me if I am wrong—that the car was parked across from the Smoke Shop; isn't that correct?

A. I didn't state that, no, sir.

Q. Well, is that the fact?

A. Yes, sir.

Q. Directly across the street?

A. Almost directly across, yes, sir.

Q. And is that the same place of business that was referred to as under lease to Mr. Nocita?

A. I have no knowledge whether it was under lease to Mr. Nocita or not.

Q. I see. Do you have any knowledge of whether or not Mr. Nocita was conducting a business there?

A. No, sir.

Q. I am going to show you——

Mr. Campbell: I will first ask to have marked for identification a map of Los Angeles and vicinity,

(Testimony of Carl Seltzer.)

as prepared by or issued by the Automobile Club of Southern California.

The Court: That will be marked Defendant's Exhibit A.

The Clerk: Defendant's A, for [72] identification.

(The document referred to was marked Defendant's Exhibit A, for identification.)

Q. (By Mr. Campbell): And I wonder, Mr. Seltzer, if you will examine this map and locate on it the approximate location of the car and the Smoke Shop, as you observed it on the 24th of November, of 1956? Do you find it?

A. No, sir.

Q. I believe you gave the address as 6700 Central Avenue?

A. No, sir, I didn't give the address.

(The witness examined the map.)

Q. Does it refresh your recollection?

A. I don't find any listing for Central Avenue on the back of this either.

The Court: What is the nearest cross street on Central Avenue?

Q. (By Mr. Campbell): Does this refresh your recollection, that it is close to Central and Florence?

A. Yes, sir.

Q. And the actual nearest cross street would be 67th; is that correct?

A. 68th Street would be more correct.

The Court: Is that in the colored district?

(Testimony of Carl Seltzer.)

that evening; is that correct? A. Yes, sir.

Q. Had you seen Mr. Nocita on that day?

A. Yes, sir.

Q. And where was he when you saw him? I am speaking of the time prior to the arrest.

A. No, I didn't see him at any time prior to the arrest.

Q. I see. During the period, then, from 12:00 o'clock noon, or approximately then, until 6:05, when you had the [71] Thunderbird under observation, you did not see Mr. Nocita at any time?

A. That is correct.

Q. Now, I believe you stated—correct me if I am wrong—that the car was parked across from the Smoke Shop; isn't that correct?

A. I didn't state that, no, sir.

Q. Well, is that the fact?

A. Yes, sir.

Q. Directly across the street?

A. Almost directly across, yes, sir.

Q. And is that the same place of business that was referred to as under lease to Mr. Nocita?

A. I have no knowledge whether it was under lease to Mr. Nocita or not.

Q. I see. Do you have any knowledge of whether or not Mr. Nocita was conducting a business there?

A. No, sir.

Q. I am going to show you——

Mr. Campbell: I will first ask to have marked for identification a map of Los Angeles and vicinity,

(Testimony of Carl Seltzer.)

as prepared by or issued by the Automobile Club of Southern California.

The Court: That will be marked Defendant's Exhibit A.

The Clerk: Defendant's A, for [72] identification.

(The document referred to was marked Defendant's Exhibit A, for identification.)

Q. (By Mr. Campbell): And I wonder, Mr. Seltzer, if you will examine this map and locate on it the approximate location of the car and the Smoke Shop, as you observed it on the 24th of November, of 1956? Do you find it?

A. No, sir.

Q. I believe you gave the address as 6700 Central Avenue?

A. No, sir, I didn't give the address.

(The witness examined the map.)

Q. Does it refresh your recollection?

A. I don't find any listing for Central Avenue on the back of this either.

The Court: What is the nearest cross street on Central Avenue?

Q. (By Mr. Campbell): Does this refresh your recollection, that it is close to Central and Florence?

A. Yes, sir.

Q. And the actual nearest cross street would be 67th; is that correct?

A. 68th Street would be more correct.

The Court: Is that in the colored district?

(Testimony of Carl Seltzer.)

The Witness: Yes, sir.

The Court: Maybe counsel will stipulate as to the [73] location on the map. Let's not waste time.

Mr. Jacobson: You can't tell upon that map.

The Court: I don't know whether the location has anything to do with it.

Mr. Campbell: It becomes material later, your Honor. Can it be stipulated that the location referred to is close to Central Avenue and Florence Avenue?

Mr. Jacobson: I don't know if it is.

The Witness: It would be more correct to state the location is close to 68th Street and Central Avenue.

Q. (By Mr. Campbell): All right, 68th Street and Central Avenue. You would say that is accurate within a block or two; is that correct?

A. Less than a block.

Q. Accurate to within less than a block. Are you acquainted with the location of the residence of the Nocitas?

A. No, sir.

Q. I am going to refer you to Exhibit 6. I believe you testified that you took the information and this card was filled out in your presence?

A. There was a stipulation to that effect.

The Court: I think you stipulated to that.

Mr. Campbell: Oh, very well.

Q. Was this card made out in your presence?

A. Yes, sir, it was. [74]

Q. I call your attention to the residence address of 12411 Gilbert Street, Garden Grove, California.

(Testimony of Carl Seltzer.)

Do you know of your own knowledge whether or not that is the residence of the Nocitas?

A. I do not know of my own knowledge, no, sir.

Q. Are both of the locations referred to therein within the territorial limits which you cover as a deputy sheriff?

A. Garden Grove, I believe, is out of the vicinity of Los Angeles County. Therefore, it is not within our jurisdiction.

Q. Your jurisdiction is only within the City?

A. In the County of Los Angeles.

Q. Garden Grove is in Orange County, is it not?

A. I believe so.

Q. And is approximately 25 miles, is it not, from the site that you observed the automobile in front of the Smoke Shop on that occasion?

A. I have no knowledge whatsoever of the distance.

Q. All right. Now, referring to Exhibits 1 and 2, which you have identified as betting markers, together with what you term as O-sheets on the top of them, you were present when those were taken from the person of Mr. Nocita; is that correct?

A. Yes, sir. [75]

Q. And where were they on his person?

A. In his left front jacket pocket.

Q. Were they in any type of container?

A. No, sir.

Q. Were they—did they have a rubber band, or anything like that, around them?

A. Had a rubber band around them.

(Testimony of Carl Seltzer.)

Q. And they were rolled, were they?

A. They were rolled.

Q. Now, where was the money which you have referred to that was taken on that occasion?

A. There was money in an envelope, along with three checks, in his inside pocket. There was money in his right-hand jacket pocket. There was money in his pants pocket, but I cannot recall whether it was his left or right hand.

Q. The hip pocket?

A. I believe it was his front side pocket, yes, sir.

Q. I see. Was any of the money in a wallet or billfold?

A. Not to my recollection.

Q. All right. Now, let's return to the money and the envelope and the checks which you say were found in the inner pocket. That is the inner coat pocket, is it not?

A. Yes, sir.

Q. Were the checks in the envelope with the money, or were they separate from it? [76]

A. The checks were in the envelope along with the money.

Q. And what, if anything, was done with the checks?

A. I took the envelope with the money and the checks, and the other monies found in his other pockets, and gave it to Mr. Nocita and asked him to count it, which he did.

After he arrived at a figure as to the amount of the monies, he returned the money to me, and I gave it to Special Agent Virgil Crabtree.

(Testimony of Carl Seltzer.)

Q. What, if anything, did you do with the envelope that you have referred to?

A. The envelope was also turned over to Virgil Crabtree.

Q. By Virgil Crabtree, you are referring to Special Agent Virgil Crabtree of the Treasury Department; is that right?

A. That is correct.

Q. Did you observe any markings on that envelope? A. Not to my recollection.

Q. Let me ask you if you recall whether or not there was a printed bank name and address on it?

A. I don't recall whether there was anything on the envelope or not.

Q. You mean to say you did not examine the envelope for any writing or printing?

A. That is correct. [77]

Q. Did you examine the inside of the envelope for writing or printing?

A. No, sir, I did not.

Q. How much money was in that envelope?

A. Approximately a thousand dollars.

Q. When you say approximately, what do you mean? You mean exactly \$1,000.00, do you not?

A. No, sir, I am not exactly positive of the exact amount. I know it was in the neighborhood of a thousand dollars.

Q. Didn't you make a record of it at the time?

A. No, sir, I did not.

Q. All right. Did you make any record, or can

(Testimony of Carl Seltzer.)

you recall from your memory how much was in any of the other pockets?

A. There was another roll similar to that of the markers.

Q. I beg pardon?

A. There was a wad of money similar to that of the way the markers were wadded, in one of his pants pockets, which contained approximately a thousand dollars.

Q. You say similar to the way the markers were. You mean were rolled up, together with a rubber band?

A. Yes, sir.

Q. All right.

A. And there was some other money which was folded in [78] half in another pocket.

Q. Was there any coin?

A. There was a few pennies.

Q. Now, all of that you turned over to Special Agent Crabtree; is that correct?

A. That is correct.

Q. That was at the request of Special Agent Crabtree, I take it?

A. I don't remember whether he requested it or not.

Q. I see. I presume, Mr. Seltzer, that in all of your activities on that occasion of the arrest—the detention, the arrest and the subsequent interrogation, you were acting in behalf of or in co-operation with the Federal Agents?

(Testimony of Carl Seltzer.)

The Witness: Yes, sir, I was acting in conjunction with the Federal Agents.

Q. (By Mr. Campbell): You made no arrest in behalf of [79] the County of Los Angeles, then?

A. I made no arrest at all.

Mr. Campbell: All right. That is all.

The Court: Any questions?

Mr. Jacobson: I have a couple of questions on redirect.

Redirect Examination

Mr. Jacobson: Will you mark these, please?

The Court: Do you want those marked together?

The Clerk: I will mark them separately, your Honor. Government's Exhibits 7, 8 and 9, for identification.

(The documents referred to were marked Government's Exhibits 7, 8 and 9, for identification.)

Mr. Campbell: May I see them?

Mr. Jacobson: You sure may.

(The documents were handed to counsel.)

Q. (By Mr. Jacobson): Now, I have here marked as Government's Exhibits 7, 8 and 9 photostats of what purport to be checks or money orders, and I ask you if those are photostats of the checks that you just testified about on Mr. Campbell's cross-examination, that was wrapped with the money that was taken?

A. I can positively state that I do remember the name, Arthur Higginson.

(Testimony of Carl Seltzer.)

Mr. Campbell: Possibly I can shorten this. I will [80] stipulate those are photostat copies of the checks that were taken from Mr. Nocita on that occasion, and that were subsequently returned to him, the photostats having been taken before they were returned.

Mr. Jacobson: All right. I now offer these in evidence.

The Court: They may be received in evidence.

The Clerk: Government's 7, 8 and 9.

(The exhibits heretofore marked Government's Exhibits 7, 8 and 9 were received in evidence.)

Q. (By Mr. Jacobson): Now, Officer Seltzer, were those checks separate, or exactly in what condition were they when you took them from him? Were they mixed with the other money, or separate?

A. The three checks were together, and the money was segregated in the envelope.

Q. Now, how about the other money—not the money in the envelope. You testified there was some other money that was in a roll, I think you called it. Were these checks with that?

A. No, sir, they were not.

The Court: He testified the checks were in the envelope. If they were in the envelope, they couldn't be separate.

Mr. Campbell: I couldn't understand his last testimony. He said the three checks were together, and then there was money in the envelope. [81]

(Testimony of Carl Seltzer.)

The Court: I understood him to say the three checks and the money were in the envelope. Isn't that what you said?

The Witness: That is correct, but they were separate, they were not intermingled. The money was not intermingled with the checks in the envelope.

Mr. Jacobson: All right. That is all.

The Court: You may step down.

(Witness excused.)

The Court: Call your next witness.

Mr. Jacobson: Mr. John Harris.

JOHN J. HARRIS

called as a witness on behalf of the libelant, having been first duly sworn, was examined and testified as follows:

The Clerk: Will you take the stand, sir, and please state your name?

The Witness: John J. Harris.

Direct Examination

By Mr. Jacobson:

Q. What is your occupation, please, Mr. Harris?

A. Partner in the firm of Harris & Harris, examiners of questioned documents.

Q. Does a part of that work consist in handwriting [82] analysis?

A. For the most part, yes.

(Testimony of John J. Harris.)

Q. For the most part. How long have you been so engaged in that business?

A. I have devoted all of my time to this work over the past nine years.

Q. Have you had any formal education?

A. Yes, I graduated from UCLA.

The Court: Maybe counsel will stipulate to the qualifications of this witness.

Mr. Campbell: Yes. I have never met this young man, but I have known of his father for many years, and he is very competent.

The Court: How long have you been engaged in the examination of questioned documents?

The Witness: Nine and a half years.

The Court: Will you stipulate?

Mr. Campbell: I will stipulate.

Mr. Jacobson: That is what I asked about before. All right.

Q. Now, Mr. Harris, I show you Government's 1, 2 and 6 in evidence, and ask you if you ever saw those before? A. Yes, I have.

Q. Now, did you make an analysis of the handwriting on those documents? [83]

A. Yes, I did.

Q. What was the result of that analysis?

A. I compared the handwriting that appears on the various sheets of paper in Exhibits 1 and 2, and compared it with the handwriting that is marked as Exhibit 6, and came to the conclusion that a small portion of the writing on 1 and 2 was

(Testimony of John J. Harris.)

written by the same person that executed the handwriting on 6.

The portions I refer to are just the names of the week, where there appears "Thurs." on the face in the lower left-hand portion of the first page of Exhibit 1, and "Thur." that appears on the second page in the lower left-hand corner of that document, and the "Thur." that appears on the reverse side of the third page of that exhibit.

And on Exhibit 2 there is a printed abbreviation for Friday, F-r-i, which appears in the center portion of the front page of that document.

Mr. Campbell: I couldn't hear that last, if the court please.

The Witness: There is a Friday, F-r-i, that appears on the bottom of the first page of that document.

Mr. Campbell: Perhaps I can save time. I apparently misunderstood counsel. I understood counsel to say that all of these things were in the handwriting of Mr. Nocita.

Mr. Jacobson: Yes. [84]

Mr. Campbell: If it is only the dates he is referring to, I think possibly we can stipulate.

The Court: It is only the days.

Mr. Campbell: Only the days, I mean. May I show this to my client?

(Conference between counsel and Mr. Nocita.)

Mr. Campbell: We will stipulate that the words

“Thurs.” and “Fri.” are in the handwriting of Mr. Nocita.

Does that satisfy you?

Mr. Jacobson: Yes. No further questions.

Mr. Campbell: No further questions.

The Court: May this witness be excused?

Mr. Jacobson: This witness may be excused.

The Court: You may be excused.

(Witness excused.) [85]

* * *

Mr. Jacobson: The Government will call as its next witness—well, I think there are a couple of stipulations that might shorten the testimony.

I believe we will stipulate if the other police officers mentioned in the transactions already testified to by Mr. Donley and by Officer Seltzer were called, they would testify substantially the same as they did on direct and cross. So stipulated?

Mr. Campbell: Yes, with the exception of Mr. Seltzer's expert testimony.

Mr. Jacobson: Of course.

Mr. Campbell: I don't presume they are all experts in that field.

Mr. Jacobson: All right. The Government calls as its next witness Mr. Arthur Katayama.

ARTHUR KATAYAMA

called as a witness on behalf of the libelant, having been first duly sworn, was examined and testified as follows:

The Clerk: Will you take the stand, please, and state your name? [87]

The Witness: Arthur Katayama, K-a-t-a-y-a-m-a.

Direct Examination

By Mr. Jacobson:

Q. Mr. Katayama, what is your occupation?

A. I am a Special Agent in the Intelligence Division of the United States Treasury Department.

Q. Is your division the division that investigates wagering violations? A. It is.

Q. Do you know Mr. Roland Nocita?

A. I do.

Q. Is this Mr. Nocita you see sitting here?

A. It is.

Q. When was the first time you saw him?

A. I saw Mr. Nocita for the first time in my life on November the 20th, 1956, at or about 6:00 p.m.

Q. Where was this?

A. He was driving north on Long Beach Boulevard in a black and white 1957 Ford Thunderbird.

Mr. Campbell: Isn't this covered by the stipulation that it is the same testimony that Mr. Donley gave?

Mr. Jacobson: No, he wasn't with Mr. Donley.

Mr. Campbell: Oh, Donley had him going in the

(Testimony of Arthur Katayama.)

other direction at 6:10. At 6:00 o'clock he was going north. [88] All right.

Q. (By Mr. Jacobson): Now, did you notice the license number on this Ford Thunderbird that you saw Mr. Nocita driving?

A. I did, and I have it recorded.

Q. Can I ask you, first, was it a paper plate or a metal plate?

A. It was a paper plate on the Ford Thunderbird.

Q. Do you know the number?

A. I have it recorded.

Q. Can you tell us the number that you have recorded? A. 0573243.

Q. Now, did you trail Mr. Nocita on that day?

A. We did. Mr. Nocita was proceeding north on Long Beach Boulevard.

Mr. Campbell: Apparently there is some other foundation needed here. He said, "We did."

Q. (By Mr. Jacobson): Who else was with you?

A. Special Agent Crabtree, and a Deputy Sheriff, a woman Deputy Sheriff. I do not recall her name.

Mr. Nocita was going north on Long Beach Boulevard in his Thunderbird, and he suddenly turned right into an auto court, spun around, came back and started heading south on Long Beach Boulevard.

We trailed him to the vicinity of Manchester and South [89] Long Beach Boulevard, where we lost him at a traffic light.

Q. When was the next time you saw Mr. Nocita?

(Testimony of Arthur Katayama.)

A. On November 24, 1956.

Q. Was that at the arrest?

A. Yes, it was.

Q. Did you see the black Thunderbird there?

A. I did.

Q. Did you notice the license number on it?

A. Yes, I did.

Q. Was this a paper plate or a metal plate?

A. It was a metal plate.

Q. Did you get the number?

A. I have it recorded.

Q. What was it? A. MVY 377.

Q. Now, did you have occasion to check with California Motor Vehicles to see if MVY 377 was the metal plate issued to the paper plate 0573243?

A. I did.

Q. And was it? A. Yes, it was.

Q. Now, did you have occasion to see that Thunderbird after that time? A. Yes.

Mr. Campbell: After November 24th? [90]

The Court: You mean after November 24th, or after the time he saw it?

Mr. Jacobson: After November 24th.

The Witness: Yes, sir.

Q. (By Mr. Jacobson): When?

A. On November 26, 1956.

Q. What was that occasion?

A. I was inventorying the automobile for a seizure report.

Q. Now, did you search that vehicle?

A. I did.

(Testimony of Arthur Katayama.)

Q. And was this Thunderbird seized the same Thunderbird that you have previously testified about?

A. Yes, sir. I checked the motor number against the registration and the license number given me by the Department of Motor Vehicles.

Q. You say you searched that car at that time?

A. I did.

Q. And what did you find?

Mr. Campbell: I am going to object to that.

The Court: Just a minute. May I interrupt? You were allowed to testify a moment ago when if it had been objected to, the objection would have been sustained.

In your investigation who did you find was the legal owner of the automobile? [91]

The Witness: The Universal CIT Credit Corporation.

The Court: And who is the registered owner?

The Witness: Anna Valetta Ewing.

The Court: I noticed, counsel, in the affidavit that is filed that Anna Valetta Ewing is claimed to be the registered and legal owner, both.

Mr. Campbell: I didn't know the affidavit showed other than the registered owner.

The Court: She is the registered owner?

Mr. Campbell: That is right.

The Court: And the legal owner is?

The Witness: Universal CIT Credit Corporation on Florence Avenue in Huntington Park [92]

(Testimony of Arthur Katayama.)

Q. (By Mr. Jacobson): Well, where was the car when you went down on the 26th and saw it?

A. It was at the General Services Administration Garage at 788 North Main Street, Los [93] Angeles.

* * *

Q. (By Mr. Jacobson): Did you make an inventory on that date? A. I did.

Q. Do you have a copy of that inventory here?

A. Yes, it is in the file.

Mr. Jacobson: I would like this marked for identification.

The Clerk: Government's 10, for identification.

(The document referred to was marked Government's Exhibit 10, for identification.)

Mr. Campbell: May I see that?

Q. (By Mr. Jacobson): I place before you Government's 10, for identification.

Mr. Campbell: I did not realize, and maybe we can save time again, that what this is is the fact that they found Mr. Nocita's driver's license in the glove compartment. I will stipulate that Mr. Nocita's driver's license was in the glove compartment of that car.

Mr. Jacobson: All right. Fine. I offer Exhibit No. [94] 10 into evidence.

The Court: It may be received into evidence.

The Clerk: Government's Exhibit 10.

(The exhibit heretofore marked Government's Exhibit 10 was received in evidence.)

(Testimony of Arthur Katayama.)

Mr. Jacobson: No further questions.

The Court: Any questions?

Mr. Campbell: Yes, I have a few.

Mr. Jacobson: Excuse me. I am sorry, but there is a further question. Well, that might be obviated by a stipulation.

The Court: I would like to ask a question from somebody. I don't know who can answer it. The affidavit for return of the automobile is signed by Anna Valetta Nocita, and it says, "Now comes Anna Valetta Nocita, otherwise known as Anna Valetta Ewing." The driver's license is Roland Nocita. Now, who is Roland Nocita?

Mr. Campbell: That is the husband, your Honor.

The Court: Oh, that is the husband?

Mr. Campbell: Yes.

The Court: Oh, I see. I thought it was Mrs. Nocita's driver's license that was found in the car.

Mr. Jacobson: No. That is the importance of it.

Mr. Campbell: No, this is the husband's.

Mr. Jacobson: It was Mr. Nocita's driver's license in [95] the glove compartment.

Mr. Campbell: That is correct.

The Court: Well, if you drive an automobile, you are supposed to have your driver's license with you.

Mr. Jacobson: I agree. I think it shows that he was driving the automobile.

The Court: And all the testimony so far has been that he drove the automobile.

(Testimony of Arthur Katayama.)

Mr. Campbell: No question about that.

The Court: All right. Any other questions?

Mr. Campbell: That is another bit that we are saving.

Q. (By Mr. Jacobson): Were you in Judge Hall's courtroom on July 18, 1957? A. I was.

Q. Did you see Mr. Nocita there on that date?

A. Yes, sir.

Q. Did you hear the proceedings that took place on that date? A. Yes, sir. [96]

* * *

Cross-Examination

By Mr. Campbell:

Q. Mr. Katayama, as I understand you, prior to the 24th day of November, the time that Mr. Nocita was placed in detention and then arrest, the only time that you saw him was on November 20th, some four days previously; is that correct?

A. At or about 6:00 p.m.

Q. You said that was the first time you ever saw him in your life?

A. Yes, sir, to the best of my recollection.

Q. What is that?

A. To the best of my recollection.

Q. Yes, I understand. And you say on that occasion you saw him driving a Ford Thunderbird for a few blocks; is that right? A. Yes, sir.

Q. And then you lost him? A. Yes, sir.

Q. During the period that you had him under observation, did you observe was anyone with

(Testimony of Arthur Katayama.)

him? [97] A. No, sir.

Q. He was alone in the car at all times?

A. Yes, sir.

Q. Did he stop and get out of the car at any time that you had his car under observation?

A. Sir, he stopped.

Q. Did he get out?

A. For a traffic light, but he did not get out of the car.

Q. Did anyone approach the car, on foot or otherwise? A. No, sir.

Mr. Campbell: That is all.

Mr. Jacobson: That is all.

The Court: You may step down.

(Witness excused.)

The Court: Call your next witness.

Mr. Jacobson: Mr. Comstock, will you take the stand, please?

EDWIN WALKER COMSTOCK

called as a witness on behalf of the libelant, having been first duly sworn, was examined and testified as follows:

The Clerk: Will you state your name?

The Witness: Edwin Walker Comstock. [98]

Direct Examination

By Mr. Jacobson:

Q. Mr. Comstock, what is your occupation?

A. Printing and publishing.

Q. How long have you been engaged in that

(Testimony of Edwin Walker Comstock.)

business? A. A lifetime.

Q. And where is the address of your establishment?

A. 1503 East Olive in Compton.

Mr. Campbell: I couldn't get that address.

The Witness: 1503 East Olive in Compton.

Q. (By Mr. Jacobson): Do you recognize this gentleman at the end of the counsel table?

A. Yes, I do.

Q. You now know from what you have heard in the court that his name is Roland Nocita. Did he ever come to you representing to be another person?

Mr. Campbell: Now, just a minute.

The Witness: I knew him as Fred at one time.

Q. (By Mr. Jacobson): But you recognize him—— A. Yes, I do.

Q. ——as this Fred? A. Yes.

The Court: Fred who?

The Witness: Fred, that's all I knew him as.

Q. (By Mr. Jacobson): When he came to you known as [99] Fred, what did he want?

Mr. Campbell: Your Honor, just a minute. I will object to that, if the court please, until some foundation is laid for this as to time, place, and persons present.

Q. (By Mr. Jacobson): Approximately when was the first time when he came to you as Fred?

A. Oh, I imagine the first week in September.

The Court: Of what year?

The Witness: '56.

Q. (By Mr. Jacobson): Was there anyone else present besides you and he?

(Testimony of Edwin Walker Comstock.)

A. At that time I don't think so.

Q. Did he come to you on business?

A. Yes, sir. [100]

* * *

Mr. Jacobson: Will you mark this, please?

The Clerk: Government's 11, for identification.

(The document referred to was marked Government's Exhibit 11, for identification.)

Q. (By Mr. Jacobson): I show you Government's 11 for identification and ask you if you have ever seen cards like that? A. Yes, sir.

Q. Did you print them?

A. Yes, I did. [102]

* * *

Mr. Jacobson: The Government will call Mr. Rudolph Vincelli.

RUDOLPH F. VINCELLI

called as a witness on behalf of the libelant, having been first duly sworn, was examined as testified as follows:

The Clerk: Will you take the stand, please, and state your name?

The Witness: Rudolph F. Vincelli, [104] V-i-n-c-e-l-l-i.

Direct Examination

By Mr. Jacobson:

Q. Mr. Vincelli, what is your occupation?

A. I am an owner of a cocktail bar.

(Testimony of Rudolph F. Vincelli.)

Q. Do you know Mr. Roland Nocita?

A. I do.

Q. Were you ever an agent for Mr. Nocita in the bookmaking business? A. I was.

Q. Did you also personally bet with Mr. Nocita?

A. I did.

The Court: Just a minute. Now, before we leave this, let's get something straight. You say you were an agent in the bookmaking business?

The Witness: Yes, sir.

The Court: When?

The Witness: Up until the time I got pinched, I guess.

Mr. Campbell: I can't hear you.

The Court: Will you keep your voice up? What year?

The Witness: The last year, 1956.

The Court: What time in 1956?

The Witness: I think it was——

The Court: Keep your voice up. They have a right to hear you.

The Witness: November, at 6:30 at night, in the evening. [105]

Mr. Campbell: Will the reporter read the previous answers, please?

(The record was read.)

Mr. Jacobson: I think he referred to the pinch——

Mr. Campbell: Let the witness explain.

Q. (By Mr. Jacobson): Now, you were work-

(Testimony of Rudolph F. Vincelli.)

ing in the capacity of an agent for Mr. Nocita in the month of November, 1956? A. Yes, sir.

Q. Now, do you recall Mr. Nocita making collections from you?

The Court: Now, counsel, just before we leave this, let's find out what is meant by "agent." You know everybody does not agree as to what an agent is, and I think this witness ought to testify as to what he did rather than testify that he was an agent.

Mr. Jacobson: All right. Let me rephrase the question.

Q. By "agent," did you work for Mr. Nocita in the business of accepting bets for him?

Mr. Campbell: I suggest the witness should testify to what he did.

The Court: I think the suggestion is good. Let the witness testify as to what he did.

Q. (By Mr. Jacobson): What did you do for Mr. Nocita?

A Well, I took wagering bets and turned them into [106] him and got a percentage.

The Court: Now, what do you mean? You mean people came in and placed wagers with you?

The Witness: Yes, sir.

The Court: And you turned them over to Mr. Nocita?

The Witness: That's right.

The Court: And what happened if these people won?

(Testimony of Rudolph F. Vincelli.)

The Witness: Well, in turn, he would give me the money to pay these people off.

The Court: And you would pay them off?

The Witness: That's right.

The Court: When you collected these bets, did you collect the money?

The Witness: I did.

The Court: And then you would take the bets and the money and turn it over to Mr. Nocita?

The Witness: Yes.

The Court: When did you do this?

The Witness: Well, during the month of November.

The Court: There are a lot of days in the month of November, and a lot of minutes in the day. Can you tell us when this was done? Was this done every day?

The Witness: No, sir. You see, I had—you mean, when I come in contact with him personally?

The Court: Yes. [107]

The Witness: Well, just on one occasion; one evening he came to my place.

The Court: On one occasion?

The Witness: Yes.

The Court: When was that?

The Witness: In November.

The Court: In November. Do you remember what time in November?

The Witness: Well, I don't know. I think it was during the—it was about the second week in November.

(Testimony of Rudolph F. Vincelli.)

The Court: And you met him only on one occasion?

The Witness: Yes, personally. Of course, otherwise most of the contact was done by telephone.

The Court: You say he came to your place of business?

The Witness: Yes, sir.

The Court: Do you remember about when it was in November?

The Witness: Well, I don't know. I think it was about the second week in November.

The Court: The second week. How did he come? Did he walk or ride?

The Witness: Well, he rode.

The Court: What kind of a car was he in?

The Witness: He was in a black Thunderbird.

The Court: Do you know what year it [108] was?

The Witness: Well, it was a new car.

The Court: That is all you know, that it was a new car?

The Witness: A new car. You see, I don't drive, and I don't know.

The Court: And this is the only time you saw him?

The Witness: Yes, sir.

The Court: And this is the only time you saw him drive a Thunderbird?

The Witness: Yes, sir.

The Court: On this occasion what did he do or what did you do?

(Testimony of Rudolph F. Vincelli.)

The Witness: Well, I paid him off on some wagering bets.

The Court: What do you mean? You mean you paid him some money?

The Witness: Yes.

The Court: In other words, he came in to collect some money from you?

The Witness: Yes, sir.

The Court: And you paid it?

The Witness: Yes, sir.

The Court: And then he left?

The Witness: Yes, sir.

The Court: And this money was due from wagering; is that right?

The Witness: Yes, sir. [109]

Mr. Jacobson: No further questions. Oh, I have one other question.

Q. At the time you just referred to, when he came to make his collections, did he give you any bets at that time—any further action?

A. Did he give me?

Q. Yes? A. No, sir.

Q. Did you give him any further action?

A. No, not that night.

Mr. Jacobson: No further questions.

(Testimony of Rudolph F. Vincelli.)

Cross-Examination

By Mr. Campbell:

Q. Let me get this straight, Mr. Vincelli: You say you were an agent for Mr. Nocita, but you had only seen him one time?

A. Well, one time so far as money transaction is concerned. [110]

* * *

Q. (By Mr. Campbell): Just confine yourself, if you can, Mr. Vincelli, to the questions I ask you. Now, let me see. You say that this took place—strike that.

You say that you were his agent up until 6:30 some night in November; is that right?

A. Well, that's right.

Q. What do you mean by that?

A. Well, for the simple reason after I got arrested that I wasn't his agent no more.

Q. After you were arrested? A. Yes.

Q. When were you arrested?

A. I don't know exactly the date. It was in November. I don't remember exactly the date. I know it was a Friday night.

Q. It was in the early part of November, wasn't it?

A. No, no. I would say it was better than the middle part of November, that is——

Q. Well, would you say it was before or after the 15th?

A. I would say it was after the 15th.

(Testimony of Rudolph F. Vincelli.)

Q. Was it before or after the 17th?

A. That I couldn't—that I don't know.

Q. By the way, who arrested you?

Mr. Jacobson: I will object to that as being immaterial. [111]

The Court: Overruled.

The Witness: Well, Mr.—I can't pronounce his name.

Q. (By Mr. Campbell): Mr. Crabtree?

A. No, sir.

Q. Mr. Katayama? A. Yes, sir.

Q. That appeared here on the stand?

A. Yes, I seen him appear on the stand.

Q. Mr. Donley? A. No, sir.

* * *

Q. (By Mr. Campbell): Was any agreement entered into between you and any agent or representative of the Government that you would not be prosecuted in the event you appeared and testified in this matter? [112]

Mr. Jacobson: I will object to the question.

The Court: Overruled. You may answer that "Yes" or "No."

The Witness: No, sir.

Q. (By Mr. Campbell): Subsequent to your arrest were any proceedings filed in this court against you?

A. I don't understand. I don't get it.

The Court: You don't understand the meaning of the word "proceedings"?

Mr. Campbell: What was that?

(Testimony of Rudolph F. Vincelli.)

The Court: You don't understand the meaning of the word "proceedings"?

The Witness: No, sir, I don't.

* * *

Q. Now, you say you do not drive an automobile yourself? A. No, sir.

Q. Where is your place of business?

A. 8218 Long Beach Boulevard, South Gate.

Q. What cross street is that at? [113]

A. What cross street?

Q. I mean, what principal boulevard?

A. Near Santa Ana.

Q. The Freeway?

A. No, Santa Ana Street.

Q. Santa Ana Street, all right. What time of day was it that Mr. Nocita came to your place of business? A. He came in the evening.

Q. Was it after dark?

A. Yes, it was after dark.

Q. Did he come into your place?

A. Yes, sir.

Q. That was the first time that you saw him, that he was in your place?

A. Oh, no, he has been in my place before.

Q. No. On that occasion did you see him arrive—did you see him outside the door of your place before he came in?

A. No, I didn't see him outside my place before he came in.

Q. So the first time you saw him on that occasion, he was already in your place of business;

(Testimony of Rudolph F. Vincelli.)

is that correct? A. That's right.

Q. Did you see him leave that evening?

A. Yes, sir. [114]

Q. Where were you when he left?

A. I was with him. I walked to the rear with him.

Q. You walked to the rear?

A. I walked to the rear, to the exit. I got two. I call it the rear.

Q. Did you go outside of the place of business on that occasion?

A. Well, I walked right to the door.

Q. And did you see him get into an automobile on that occasion? A. Yes.

Q. You are familiar, of course, with the various makes of automobiles?

A. Not too familiar.

Q. But you know one car from another?

A. Well, because I was told.

Q. By whom? A. By Mr. Nocita.

Q. What was the conversation?

A. Well, I was fascinated by the automobile. I thought it was a foreign car.

Q. And what did you say?

A. So that is why he laughed, and told me what it was.

The Court: What did he tell you?

The Witness: He told me it was a [115] Thunderbird.

Q. (By Mr. Campbell): Did you observe the color of the car? A. Yes.

(Testimony of Rudolph F. Vincelli.)

Q. Did you observe whether it had more than one tone?

A. I didn't observe that much, no, sir.

Q. Did you observe the color, whether the upholstery was contrasting or a similar color to the outside of the car?

A. I didn't look on the inside.

Q. Did you observe the license plates?

A. No, sir.

Q. You have seen Mr. Nocita from time to time in various cars, have you not?

A. Yes, sir.

Q. Is this the only time you saw him in the car that you refer to as having seen on that occasion?

A. Yes, sir.

Q. You never saw that car before or since; is that right?

A. No, I haven't seen it. That was the first time I seen it, that time.

Q. And that was the last time you saw it?

A. That's right.

Q. Did you jot down, or do you recall the license number? [116]

A. No, sir.

Q. Did you observe whether it had a paper or a metal license place?

A. No, I did not.

Q. How much money did you pay to Mr. Nocita on that occasion?

Mr. Jacobson: I will object to that question as being immaterial.

The Court: Overruled.

The Witness: Oh, it was a few hundred dollars.

Q. (By Mr. Campbell): How much?

(Testimony of Rudolph F. Vincelli.)

A. I don't know how much. I forgot.

Q. Did you keep a record of it?

A. No, sir.

Q. Well, can you state whether it was 100 or 500?

A. I would say—well, I would say it was maybe two or three hundred.

Q. Is that your best recollection?

A. That's my best recollection.

Q. Do you have any record of any kind as to the payment of that money to him?

A. No, I don't have any record.

Q. Did you get a receipt from him?

A. No, sir.

Q. In what form did you pay him? [117]

A. In paper money.

Q. What denominations?

A. That I don't remember either.

Q. And you don't remember the amount?

A. I don't.

Q. And yet this was the only occasion on which Mr. Nocita ever came to your place of business for that purpose?

A. That's right.

Q. In what connection did you give him that money?

A. He had it coming.

Q. For what?

A. Well, for football bets.

Q. That he had made with you?

A. That I had made with him.

Q. You say you had made with him. Were those bets that had been made by customers of yours?

(Testimony of Rudolph F. Vincelli.)

A. That's right.

Q. What arrangement, if any, did you have as to your profits on such transactions?

A. 25 per cent.

Q. Had you taken your 25 per cent out of this money? A. Yes, sir.

Q. How much did you receive?

A. I still don't remember.

The Court: You were to get 25 per cent of the amount [118] bet?

The Witness: No, of what was won.

The Court: 25 per cent of the winnings?

The Witness: Yes.

* * *

Q. Was anybody with Mr. Nocita on this occasion? A. No, sir.

Q. Was anybody with you?

A. I was working.

Q. Well, was there anybody with you at the time you had this conversation with Mr. Nocita ?

A. There was people at the bar, but they didn't hear our conversation.

Q. Who was there?

A. Well, I don't remember.

Q. Were any of these agents who are in the courtroom present at that time?

A. No, sir. [119]

Q. Had you had a conversation with Mr. Nocita by telephone or otherwise prior to his arriving at your place on that occasion?

(Testimony of Rudolph F. Vincelli.)

A. Oh, I had a lot of conversations with him on the phone.

Q. What I mean to say is, was there an arrangement made that he was to be there on that occasion?

A. Yes, I knew that he was coming.

Q. Had he talked to you about coming?

A. Well, he notified me.

Q. He called you?

A. Yes, to let me know he was coming.

Q. Do I understand that you gave him some additional bets while he was there?

A. No, not that night I hadn't.

Q. You did not. All that was done on that occasion was that he picked up the winnings; is that correct?

A. The money transaction.

Q. His part of the winnings. Nothing else was done?

A. No.

Q. No additional bets were placed?

A. No, not that night.

Mr. Campbell: I think that is all.

The Court: Any further questions?

Mr. Jacobson: No other questions. [120]

* * *

Mr. Campbell: Pardon me, Mr. Jacobson. I have a further question I would like to ask of Mr. Katayama on cross-examination, if that will meet with the convenience of the court.

The Court: All right. Bring him back and let's get the question.

ARTHUR KATAYAMA

called as a witness on behalf of the libelant, resumed the stand and testified further as follows:

Cross-Examination

(Continued)

By Mr. Campbell:

Q. Mr. Katayama, in connection with the Thunderbird [121] which was seized, did you take the speedometer mileage? A. I did, sir.

Q. And what was that speedometer mileage?

A. To the best of my recollection, it was 1,158 miles.

Q. Was that at the time of the seizure, or when you looked at it two days later?

A. When I looked at it two days later.

Q. So that, at least, after the seizure it had been driven to the place of storage?

A. I can tell you exactly what happened.

Q. At any rate, when you looked at it two days later, it was not on the street, it was then at a storage place and not at the place where the seizure was made? A. That is correct.

Q. Did you also ascertain the date of the purchase of that car? A. Yes, sir.

Q. What date had it been purchased?

A. November 2, 1956.

Q. November 2nd, and the seizure was on November 24th? A. Yes, sir.

Mr. Campbell: Thank you, sir.

(Testimony of Arthur Katayama.)

Redirect Examination

By Mr. Jacobson:

Q. Then on the 26th there was 1,150 miles on that car, [122] approximately?

A. To the best of my knowledge, 1,138 miles.

The Court: Oh, 1,138.

Mr. Campbell: Pardon me. Let me ask a further question.

Recross-Examination

By Mr. Campbell:

Q. Are you acquainted with the location where the Nocitas live?

Mr. Jacobson: I will object to that question. There has been no evidence as to where the Nocitas live.

The Court: Overruled.

The Witness: I know the number of the location where Mr. Nocita is supposed to live.

Q. (By Mr. Campbell): And that location is approximately 25 miles from the place where the car was seized at the place of business?

A. I do not know the exact mileage to the place of business.

Q. Would you say that was about accurate?

The Court: Was it in Garden Grove?

The Witness: Yes.

The Court: The Court knows where Garden Grove is. I have been to Garden Grove for a long

(Testimony of Arthur Katayama.)

time, but Garden Grove now stretches all over the western part of Orange County. [123]

Mr. Campbell: I forgot that your Honor was from Orange County.

The Court: What part of Garden Grove is that in?

The Witness: It was in the outskirts of Garden Grove, let's say closer to Long Beach, your Honor.

The Court: Nearer to Long Beach. Over near 39?

The Witness: Yes, sir.

Mr. Campbell: Thank you. That is all.

The Witness: You are speaking of Highway 39, your Honor?

The Court: Highway 39, yes.

(Witness excused.)

Mr. Jacobson: Mr. Dosmann.

CHARLES M. DOSMANN

called as a witness on behalf of the libelant, having been first duly sworn, was examined and testified as follows:

The Clerk: Will you take the stand, please, and state your name, sir?

The Witness: Charles M. Dosmann, D-o-s-m-a-n-n.

Direct Examination

By Mr. Jacobson:

Q. Mr. Dosmann, what is your occupation?

A. I am office manager for a Ford dealership.

(Testimony of Charles M. Dosmann.)

Q. What dealership is that? [124]

A. Ben Barkley Motors.

Q. Where is that located?

A. At 1050 East Slauson Avenue, Los Angeles.

Q. Pursuant to a subpoena served on you, did you bring in the records relating to the sale of a 1957 Thunderbird? A. I did.

Q. Do you have those records with you?

Mr. Campbell: I will stipulate that any pertinent ones may be received without any further foundation or examination.

Mr. Jacobson: Thank you.

Mr. Campbell: As a part of the official records of Ben Barkley Motors. You can just identify the ones you put in.

Q. (By Mr. Jacobson): Would you please show me the sales contract on this?

A. I presume you mean the purchase order.

Q. Yes, the purchase order. That is just what I mean. A. That is this item (indicating).

Q. This is the CIT?

A. That is the confidential customer's statement, yes.

Mr. Campbell: I can't hear you, Mr. Dosmann.

The Witness: That is the customer's confidential statement.

Q. (By Mr. Jacobson): Now, can you tell me from your records here what paper license plate was issued to that [125] Thunderbird?

A. Let's see. I don't know whether I have that in here or not. We don't keep that except in the——

(Testimony of Charles M. Dosmann.)

The Court: May I inquire what is the date of the purchase? When was it purchased?

The Witness: November 2, 1956.

The Court: And who purchased it?

The Witness: Anna Valetta Ewing.

The Court: Did you deal with Mrs. Ewing, or did you deal with somebody else, or do you know?

The Witness: Well, that I don't know. They deal with the sales department before they come to me.

The Court: You didn't sell this car personally?

The Witness: No, your Honor.

The Court: And you didn't talk to anybody about the purchase of the car?

The Witness: Only to Universal, to check the credit statement.

The Court: You didn't talk to Mr. Nocita or Mrs. Nocita, did you?

The Witness: No, your Honor.

Q. (By Mr. Jacobson): This is a dealer's report of sale and application for registration. Can you tell us what the paper license number is from that?

A. Yes, I can. I have it here anyway. I found it. [126] It is 0573243.

Q. Also, here in your records there is what is called a repair order, office copy, No. 6370. What is that for?

A. That is for a 1,000-mile service.

Q. On what car?

A. On the 1957 Thunderbird.

Q. Now, in November of 1956 it was possible to

(Testimony of Charles M. Dosmann.)

buy a 1957 Thunderbird? A. Yes.

Q. Oh, that is the speedometer number, 1,120?

A. Yes.

Mr. Jacobson: I will offer this repair order into evidence.

The Court: It is a part of the official records of this business, and I don't know why it is material. What are you trying to establish here?

Mr. Jacobson: The mileage on the car.

The Court: You have already got a statement here that it had 1,138 miles on it.

Mr. Campbell: Can't he testify as to the date of the speedometer reading?

Mr. Jacobson: Yes, he can. Let's do it that way.

Q. On that day what was the speedometer reading—on the date this repair order was given?

A. The date is 11-23, and the mileage is 1,120 miles. [127]

Q. Can you tell if at the same time another car was purchased by the same purchaser?

A. There was another car purchased, yes.

Q. What car was that?

A. That was a Fairlane Ford club sedan.

Q. Then, as far as your records show, the same alleged purchaser, Anna Valetta Ewing, bought two cars on that date?

* * *

The Witness: The same purchaser purchased both cars.

Mr. Jacobson: Thank you. No further questions.

(Testimony of Charles M. Dosmann.)

The Court: Any questions?

Mr. Campbell: No questions.

The Court: May the witness be excused?

Mr. Campbell: Yes, sir.

The Court: You may be excused.

Mr. Jacobson: Oh, just one further thing, your Honor.

I would like to introduce in evidence the CIT—where is the CIT credit information?

The Witness: The credit information, that is this item right here (indicating).

The Court: Have you got a photostatic copy of it?

Mr. Jacobson: Yes, I do. Will you stipulate that a photostat may go in, Mr. Campbell?

Mr. Campbell: Not that it can go in. [128]

Mr. Jacobson: But if it goes in——

Mr. Campbell: But if it does go in, no objection to a photostat——

Mr. Jacobson: ——being used.

The Court: Let me see the original, will you?

(Thereupon, a document was handed to the court.)

The Witness: The original statement?

The Court: Yes, the original statement.

The Witness: Well, the original the finance company has.

The Court: Don't talk unless you can talk loud enough for everybody to hear you.

(Testimony of Charles M. Dosmann.)

The Witness: The finance company has the original.

Mr. Jacobson: May I have this one marked?

Mr. Campbell: I have no objection to its going into evidence.

Mr. Jacobson: I will offer it, then.

The Court: It may be received into evidence.

The Clerk: Government's Exhibit 12.

(The document referred to was marked Government's Exhibit 12 and received in evidence.)

Q. (By Mr. Jacobson): All right. Now, I show you Government's Exhibit 12 in evidence, and ask you is this the type of form that a person applying for credit to purchase an automobile fills out? [129]

A. Yes.

Q. Is there an occupation usually listed on that?

A. Yes, there is.

* * *

Mr. Jacobson: I will call Mr. Arthur Higginson.

ARTHUR HIGGINSON

called as a witness on behalf of the libelant, having been first duly sworn, was examined and testified as follows:

The Clerk: Will you state your name, please?

The Witness: Arthur Higginson.

The Clerk: Arthur Higginson.

Mr. Campbell: Will you repeat that?

The Clerk: Arthur Higginson. [130]

(Testimony of Arthur Higginson.)

Direct Examination

By Mr. Jacobson:

Q. Now, Mr. Higginson, what is your occupation? A. Stevedore.

Mr. Campbell: I can't hear you.

The Court: Keep your voice up.

The Witness: Stevedore.

Q. (By Mr. Jacobson): Whom do you work for? A. Pacific Maritime Association.

Q. Pacific Maritime Association?

The Court: Just a minute. You are a stevedore?

The Witness: Yes, sir.

The Court: So you work outdoors?

The Witness: Yes, sir.

The Court: Can't you keep your voice up so that people can hear you? You wouldn't talk that way out on the dock, would you?

The Witness: No, sir.

The Court: All right. Now, you talk here like you do on the dock, and let us hear you.

Mr. Campbell: The same language, your Honor?

The Witness: Not the same language.

The Court: All right. You keep your voice up.

Q. (By Mr. Jacobson): Was that the Pacific Maritime Association? [131]

A. Yes, Pacific Maritime Association.

Q. Now, do you recognize this man sitting at the end of the counsel table?

A. Yes, I recognize him.

(Testimony of Arthur Higginson.)

Q. What is his name?

A. I don't know his name.

Q. Is that the person that we have been——

Mr. Jacobson: Will you stipulate?

Mr. Campbell: We will admit that he recognizes him.

Q. (By Mr. Jacobson): Now, on November 24th—I refer you to November 24, 1956. Let me strike that last question.

Now, Mr. Higginson, let me show you a check, Government's Exhibit 7 in evidence, and ask you if that is a photostat of one of your paychecks?

A. It is.

Q. And this is your signature?

A. Yes, that's my signature.

* * *

Q. (By Mr. Jacobson: Would you say that was your signature, Mr. Higginson?

A. That is my signature .

The Court: Is that your check? [132]

The Witness: That is my check. That is a photostat of my check.

Q. (By Mr. Jacobson): Do you know who cashed that check for you?

A. Roland cashed it for me.

Q. Did this gentleman cash it?

The Court: He said, "Roland."

Q. (By Mr. Jacobson): Roland? A. Yes.

Q. By "Roland," you mean this gentleman (indicating)? A. Yes, that's right.

(Testimony of Arthur Higginson.)

Q. Where did you cash it?

The Court: Wait a minute. You say he cashed the check for you?

The Witness: He cashed the check for me.

The Court: That is, he took the check and gave you the money?

The Witness: That's right.

The Court: When?

The Witness: This particular day. This check is the 11-19, in 1956, which would be November.

The Court: Let me see the check.

(The document was handed to the Court.)

The Court: Where was this check cashed?

The Witness: He cashed it. [133]

The Court: Where?

The Witness: Where did he cash it?

The Court: No, where did you give it to him?

Q. (By Mr. Jacobson): Where were you when you gave it to him to have it cashed?

A. At the Smoke Shop.

Q. At the Smoke Shop? A. Yes.

* * *

The Court: * * * You say this check was cashed at the Smoke Shop?

The Witness: Yes.

The Court: Did you just go in and just ask him to cash the check?

The Witness: Yes, I went in and asked him to cash the check.

The Court: And he gave you the money, did he?

(Testimony of Arthur Higginson.)

The Witness: Yes, he gave me the money. [134]

Q. (By Mr. Jacobson): Do you remember what day this was? By that I mean, Monday, Tuesday, Wednesday, Thursday, Friday, Saturday?

A. Oh, Friday.

Q. Also, what did this man call you?

A. A. H.

Q. At the time he cashed the check for you, did you settle with him on some bets you had made with him

* * *

A. Yes.

Q. And you did so with the money you received from this check; is that correct?

A. Yes, sir, I did.

The Court: Now, let me get this straight, and let me understand. You gave him the check, and got the money; is that right?

The Witness: That's right.

The Court: And then you paid some bets; is that right?

The Witness: I paid him some I owed him.

The Court: How much was it?

The Witness: Oh, approximately \$10.00, I imagine.

The Court: \$10.00?

The Witness: Yes. [135]

The Court: And when had you made those bets?

The Witness: Oh, approximately a day or two before that.

The Court: A day or two before?

(Testimony of Arthur Higginson.)

The Witness: Yes.

The Court: And what were the bets made on?

The Witness: Horses.

The Court: Horses?

The Witness: Yes.

Q. (By Mr. Jacobson): Did you also make some further bets with him at that time?

A. No, no more bets.

Q. And this was at the Smoke Shop, you say?

A. Yes, this was at the Smoke Shop.

Q. Do you know the address of the Smoke Shop?

A. No, I don't.

Q. Is it on Central Avenue?

A. It is on Central Avenue.

Q. Approximately what block?

A. I wouldn't know the exact block.

Q. Well, would it be a fair statement to say it was about the 6800 block?

A. Well, I heard them here talking, but I was thinking it was about the 6600 block.

Q. But around in that neighborhood?

A. Yes. [136]

Mr. Jacobson: No further questions. Oh, just one or two questions.

The Court: Just a minute. Let me find out something for myself. You say this was on a Friday?

The Witness: Friday, I am positive of that.

The Court: Is it stipulated that November 24th is on a Friday?

Mr. Campbell: A Saturday, your Honor.

Mr. Jacobson: I think it was on Saturday.

(Testimony of Arthur Higginson.)

The Court: But you are sure it was on Friday?

The Witness: I am not sure that it was if you say it was on Saturday. Some paydays is on Friday, and some is on Saturday. I couldn't say for sure, but usually Friday is payday.

Mr. Campbell: Friday is payday?

The Witness: Friday is payday, but if a holiday falls on any of the days through the week, it is on Saturday.

Q. (By Mr. Jacobson): So you could have cashed that check with him on Saturday?

Mr. Campbell: I object to that.

The Court: Just a minute. Let me try to find something out, if I can. This may be important. I don't know whether it is or not.

Mr. Jacobson: Your Honor, I think your Honor can take judicial notice of what date Thanksgiving was on that year. [137]

The Court: November 24th is on a Saturday. November 24th is on a Saturday.

The Witness: Then possibly I could have cashed the check on a Saturday.

The Court: And you don't know whether you got it on Friday or on Saturday?

The Witness: No, I don't know that for sure.

The Court: Do you remember what time it was when you cashed the check?

The Witness: No, I don't.

The Court: Was it in the afternoon?

The Witness: I couldn't say.

The Court: You don't know whether it was in

(Testimony of Arthur Higginson.)

the evening, around supper time, or early in the morning?

The Witness: Oh, not no supper time. Supper time I am back for another job.

The Court: What time do you go to work?

The Witness: I go to work at 7:00 o'clock.

The Court: Do you work on Saturdays?

The Witness: Saturdays, Sundays, every day.

The Court: You don't remember what time of day it was when you went into this Smoke Shop?

The Witness: No, I don't remember what time it was.

The Court: So you don't know whether he cashed the check on Friday or Saturday? [138]

The Witness: No, I couldn't say.

The Court: Well, according to the check, it was for the week ending the 19th of November?

The Witness: The 19th of November.

The Court: The 19th of November is on a Monday.

The Witness: On a Monday, that's right. Time goes in Sunday night.

The Court: Do you remember when you get your checks? Did you get them on Friday or Saturday?

The Witness: Friday or Saturday.

The Court: Friday or Saturday?

The Witness: Or Saturday. If there is a holiday through the week, you get your check on Saturday. If there is not, you get it each Friday morning?

Mr. Jacobson: I think the court can take judicial notice Thanksgiving fell in that week.

(Testimony of Arthur Higginson.)

The Court: Then are you willing to stipulate the check was delivered on Saturday?

Mr. Jacobson: Yes, I am your Honor. Are you, Mr. Campbell?

Mr. Campbell: I don't know. I won't stipulate to something I don't know.

The Court: Well, if Thanksgiving was in that week, then you got paid on a Saturday?

The Witness: Thanksgiving was on the [139] 29th?

The Court: Thanksgiving was on the 22nd.

The Witness: Thanksgiving was on the 22nd. All right, I got paid on the 24th.

The Court: You got paid on the 24th. Saturday?

The Witness: Saturday.

The Court: What time did you get paid in the morning?

The Witness: The pay office is open at 6:00 o'clock in the morning, and is closed at 7:00 at night, 7:00 p.m. That is all day long.

Mr. Jacobson: I have no further questions.

Cross-Examination

By Mr. Campbell:

Q. What time did you get your check on that day?

A. Well, I couldn't say for sure what time.

Q. Well, what time do you customarily get your check?

A. Well, sometimes I wait until 6:00 o'clock. Sometimes I go and get it at 7:00 in the evening.

(Testimony of Arthur Higginson.)

Q. Would you say you got it at 6:00 o'clock on this occasion?

A. Oh, it's a possibility. What size check was it?

The Court: \$167.40.

The Witness: I probably got it early that morning.

Q. (By Mr. Campbell): What time of day did you cash it? [140]

A. Well, I would say somewhere around noon, something like that. Usually whenever I pick up a check, I go in and take a nap, and then wake up later. You see, I work nights.

Q. Usually you cash them at night?

A. I say I work nights. I go in and go to sleep, and get up about 12:00 or 1:00 o'clock during the day.

Q. I see.

A. But what particular time this was, I couldn't say.

Q. Your transactions were all carried on in the Smoke Shop; is that right?

A. All of my transactions?

Q. With Mr. Nocita here?

A. Well, in the front in the Smoke Shop, there in the front there where he cashed the check.

Q. Yes. That is where the cigar stand and the magazine stand, and so on, is? A. Yes.

Q. When he cashes your checks there, why, he gets the money out of the cash register, doesn't he?

A. I don't pay no attention where he got the money from.

(Testimony of Arthur Higginson.)

Q. I see. But you made it a practice of cashing your checks there; is that right?

A. That's the only check I cashed with [141] him.

Q. But, at any rate, you went in on whatever occasion it was, or whatever day it was that you had this check, and asked him to cash the check for you?

A. Yes, I asked him to cash the check for me.

Q. Which he did? A. Which he did.

Q. And after he cashed it you paid him the sum of \$10.00, or some such sum, which you owed him?

A. Yes, approximately \$10.00. I don't know exactly what it was.

Q. That was the result of some wagering you had made with him sometime before?

A. Yes, sir, sometime before.

Q. Where had you made the wagers when you made them before? A. At the Smoke Shop.

Q. Inside the Smoke Shop? A. Yes.

Q. So that the transaction of making the wager and the transaction of paying the wager with Mr. Nocita were both inside the Smoke Shop; is that correct? A. That's correct.

Mr. Campbell: That is all.

Mr. Jacobson: That is all.

The Court: May this witness be excused? [142]

Mr. Campbell: Yes, sir.

The Court: You may be excused.

* * *

JAMES B. JOHNSON

called as a witness on behalf of the libelant, having been first duly sworn, was examined and testified as follows:

The Clerk: Will you state your name, please?

The Witness: James B. Johnson, J-o-h-n-s-o-n.

Direct Examination

By Mr. Jacobson:

Q. Mr. Johnson, what is your occupation?

A. Deputy Sheriff attached to the Los Angeles County [143] Vice Detail.

Q. The Vice Detail? Is that the detail that investigates bookmaking? A. Yes, it is.

Q. I direct your attention to November 24th, and ask you if you ever saw——

Mr. Campbell: He stepped out. I will stipulate that he saw Mr. Nocita there.

The Witness: Yes, I saw Mr. Nocita on November the 24th.

Q. (By Mr. Jacobson): Were you the sheriff that apprehended Mr. Nocita?

A. Yes, I was the first man to reach Mr. Nocita. However, I had in my company Special Agent Crabtree and Deputy Sheriff Gil Shulton.

Q. Now, Officer Johnson, exactly where did you first spot Mr. Nocita that evening?

* * *

The Witness: I first seen Mr. Nocita come out of the Smoke Shop at 6717 Central, and start to walk across the street.

(Testimony of James B. Johnson.)

Q. (By Mr. Jacobson): Was a black Thunderbird parked [144] across the street?

A. Yes, it was.

Q. Then what did you see Mr. Nocita do next?

A. He hesitated and stepped back onto the sidewalk and started to walk north on Central Avenue.

Q. And then what happened?

A. I recognized him. Deputy Shulton recognized him.

Mr. Campbell: I ask that last be stricken.

The Court: That last may go out. The question is not what you recognized. What happened?

The Witness: I left the car I was sitting in and started across the street.

Q. (By Mr. Jacobson): Then what did you do?

A. I encountered Mr. Nocita in the alley of 68th Street and Central.

Q. Did you actually apprehend him, then?

A. I told the man he was under arrest on the strength of a Federal warrant.

Mr. Campbell: May I have the last answer read?

(The answer was read.)

Q. (By Mr. Jacobson): What did he say?

* * *

The Witness: Mr. Nocita said, "Don't touch me until I [145] see the warrant."

Q. (By Mr. Jacobson): Then what?

A. At that time he put his hand into his pocket. I demanded he take it out, and I retrieved from him

(Testimony of James B. Johnson.)

a metal cylinder from his right hand, which he had coiled in his hand.

Q. Did you have any further conversation with him at that time? A. Yes, I did.

Q. Will you relate that to us?

A. I told Mr. Nocita to come across the street before he started to ride. At that time myself, Federal Agent Crabtree, and Deputy Shulton accompanied Mr. Nocita across the street.

Q. Did he say anything?

A. As we were walking across the street, he said, "I want you to take care of that car, it's mine," and pointed towards the black and white Thunderbird.

I said, "You mean the Thunderbird?"

He said, "Yes."

At that time I said, "Why did you start to walk towards your car, and then take off?"

He said, "I came outside and saw you guys staked on the car."

Mr. Jacobson: No further questions. [146]

Cross-Examination

By Mr. Campbell:

Q. How long had you been outside the Smoke Shop on that occasion?

A. I had been outside of the Smoke Shop from 12:00 noon.

Q. From 12:00 noon until 6:10? A. 6:05.

(Testimony of James B. Johnson.)

Q. 6:05. And that is the first time Mr. Nocita came outside; is that right?

A. That's correct.

Q. And when he did come outside and you saw him, you started after him, is that right—started after him afoot? A. Not immediately.

Q. Well, I take it——

A. When he stepped back onto the curb, then we started after him.

Q. All right. When you got up to him you said that he was under arrest by virtue of a Federal warrant—is that what you said?

A. That is correct.

Q. Had you seen any warrant?

A. I had seen a warrant, yes, sir.

Q. Where? [147]

A. I had seen a warrant in the hands of Arthur Katayama, U. S. Treasury Department.

Q. When?

* * *

The Witness: I had seen it earlier that day, approximately twenty minutes to maybe half an hour before the apprehension.

Q. (By Mr. Campbell): That would be, say, from 5:30 to 5:40 you saw it?

A. To the best of my recollection, yes.

Q. And where was it that you saw it?

A. Where?

Q. Yes.

A. It would be on Central Avenue, when I had a conversation with Arthur Katayama.

(Testimony of James B. Johnson.)

Q. Whereabouts on Central Avenue?

A. If I recall correctly, it would have been about 66th or 65th, beyond Central Avenue.

Q. Now, you say that when you told him he was under arrest, he had his hand in his pocket, and you told him to bring it out?

A. When I told him he was under arrest, he put his hand [148] in his pocket, and then I told him to bring it out.

Q. The metal cylinder that you referred to was a cigarette lighter, wasn't it?

A. It was a cigarette lighter, coiled in his hand.

Q. Coiled in his hand—how was it coiled in his hand?

A. Well, he had his fist wrapped around it.

Q. By his fist, you mean he had his hand closed on a cigarette lighter when he pulled it out of his pocket?

A. The cigarette lighter is a Ford car cigarette lighter, an oblong cylinder.

Q. He had that in his hand?

A. That is correct.

Q. Had you shown him your badge?

A. I had.

Q. Prior to that? A. Absolutely.

Q. Did you have a gun in your hand?

A. Not to my recollection, no.

Q. Well you would recall if you had a gun in your hand, wouldn't you.

A. No, I don't believe that I did.

(Testimony of James B. Johnson.)

Q. But you were wearing a gun, though?

A. I always wear a gun.

Q. Were you in uniform? [149]

A. Never.

Q. Did you place him in handcuffs at that time? A. Not at that particular time, no.

Q. How soon afterwards did you place him in handcuffs?

A. Probably five minutes afterwards.

Q. At the time you placed him under arrest, where did you take him?

A. Directly across the street.

Q. To your car?

A. To Deputy Shulton's car.

Q. Did he get into the car willingly, that is to say, was he propelled in any way into that car?

A. When I got up to Deputy Shulton's car, I believe that Deputy Shulton and Carl Seltzer took the defendant at that time.

Q. And you turned away?

A. I believe I went back to the crowd across the street, which was starting to congregate.

Q. I see. So you don't know, then, of your own knowledge, whether or not any force was used at that time? A. No, I do not.

Q. Mr. Nocita, at the time you said you had a Federal warrant, or you were arresting him by virtue of a Federal warrant, said he wanted to see it; is that right?

A. He screamed at me and said, "Don't touch me until [150] I see the warrant."

(Testimony of James B. Johnson.)

Q. When you say he screamed, you mean he used a loud tone of voice?

A. Correct, enough to start a small congregation of people on Central Avenue.

Q. Did you touch him, then?

A. Absolutely.

Q. You laid your hands on him, didn't you?

A. I retrieved from his right hand the cigarette lighter in question.

Q. Did you search him at that time?

A. No, sir.

Q. During that entire course of time, from the time you had the place under observation from 12:00 o'clock noon on that day until the time you placed him under arrest, did you ever see Mr. Nocita either in or around the Ford Thunderbird?

A. No, sir.

Mr. Campbell: That is all.

Redirect Examination

By Mr. Jacobson:

Q. Referring to this Thunderbird, did you happen to notice the license number of that Thunderbird?

A. Yes, sir. [151]

Q. What was it?

A. It was a metal plate, MVY 377.

Q. Is this the car that you just testified about, that he pointed to and said, "That is my car"?

A. That is correct.

(Testimony of James B. Johnson.)

Mr. Jacobson: That is all.

The Court: Anything further?

(No response.)

The Court: You may step down.

Mr. Campbell: He may be excused so far as I am concerned.

(Witness excused.) [152]

* * *

Mr. Jacobson: Your Honor, at this time Mr. Campbell and I have a stipulation, which Mr. Campbell objects to the materiality of it, but we will stipulate on the facts; and that is that Mr. Nocita on the 18th day of July, 1957, was convicted upon his plea of guilty to two counts of an information No. 25844, Count One and Count Two, which I will have marked for identification.

The Court: You mean of the indictment there?

Mr. Jacobson: I have a copy of it.

The Court: What does it charge, the indictment?

Mr. Campbell: Failure to register and to obtain a stamp.

The Court: Who did you say this was?

Mr. Jacobson: Roland Nocita.

The Court: Not against the wife?

Mr. Jacobson: Not against the wife.

Mr. Campbell: I object to the materiality, your

Honor. But if the objection is overruled, I will stipulate to the fact.

The Court: I am going to overrule your objection in the light of the stipulation you have made. You have already [156] made a stipulation prior to the day in question the defendant had been engaged in the taking of wagers; and this is only corroborative of the stipulation you have entered into.

So, the objection will be overruled.

Mr. Campbell: I have made my objection, and I will stipulate that the fact is that he entered a plea of guilty to two counts of the indictment, which two counts will form an exhibit.

The Court: The indictment may be received and be marked as Government's Exhibit——

The Clerk: Exhibit No. 13. In evidence, your Honor?

The Court: In evidence.

Mr. Jacobson: Thank you, your Honor.

(The exhibits referred to, marked Libellant's Exhibit 13, was received in evidence.)

Mr. Jacobson: The Government will next call Mr. Barrett to the stand.

WALTER O. BARRETT

called as a witness on behalf of the libelant, being first sworn, was examined and testified as follows:

The Clerk: State your name, please.

The Witness: Walter O. Barrett.

Mr. Campbell: May I have that, Mr. Clerk?

The Clerk: Walter O. Barrett. [157]

Direct Examination

By Mr. Jacobson:

Q. Now, Mr. Barrett, what is your occupation?

A. I am a salesman and bartender. Right now I am employed as a bartender.

Q. Do you know a person by the name of Roland Nocita? A. I do.

Q. Do you see that person in this courtroom?

A. I do.

Q. Will you point him out?

Mr. Campbell: We will stipulate——

The Witness: The second man.

Q. (By Mr. Jacobson): Now, did you know Mr. Nocita during the month of November, 1956?

A. I did.

Q. Where did you reside at that time?

A. At 14651 South Lime.

Q. Lime Avenue?

A. Lime Avenue, right in the county. It is in Compton, I think.

Q. Is that address near the intersection of San Vicente and Lime Avenue?

A. That is correct.

(Testimony of Walter O. Barrett.)

Q. Did you share that apartment with anyone?

A. I did. [158]

Q. Who? A. Mr. Nocita.

Q. Did he pay part of the rent?

A. That is correct.

Q. To your knowledge did he use that address as a bookmaking spot?

Mr. Campbell: Pardon me. I object to the question in that form. It calls for his conclusion.

The Court: Sustained. It calls for the conclusion of the witness.

Q. (By Mr. Jacobson): What was your phone number at that address?

A. I would recognize it if I heard it.

Q. Does this sound right, NEvada 6-7892?

A. That's correct. I had maybe two phones there.

Q. Would the other one be NEvada 6-6321? Does that ring a bell?

A. It is possible, but I don't remember. I have heard the number but I don't remember if that was my previous number or not.

Q. Did you ever phone in bets to that [159] address?

* * *

The Court: "Phone in bets?"

Whose name is the telephone in?

The Witness: At one time the phone was in my name, and I don't know whether 6-7892 was in my name or wasn't in my name.

The Court: I think I am going to have to sustain the objection. I don't think the Government can

(Testimony of Walter O. Barrett.)

establish the fact that somebody telephoned in bets now. I think you are to lay a foundation as to who he talked to, and so forth.

* * *

The Court: * * * Where did you say the apartment was?

The Witness: 14651 South Lime in Compton.

The Court: Well, did you stay there?

The Witness: It was rented in my name, and I lived there, but I wasn't there very much. I was—my clothes were there, and I stayed there a couple of nights a week, maybe.

The Court: Did you use—— [160]

The Witness: But it was my apartment. I had it first.

The Court: Did you use the apartment for any reason other than living?

The Witness: Myself?

The Court: Yes.

The Witness: No, sir.

The Court: You were there very little of the time?

The Witness: In and out, mostly. I left at 8:00 in the morning. I get home at 10:00 at night when I stayed there. I have a friend in Long Beach that I visit.

The Court: When you weren't there you don't know what the apartment was used for, do you, of your own knowledge?

The Witness: Of my own knowledge, no.

(Testimony of Walter O. Barrett.)

Q. (By Mr. Jacobson): Did you accept bets for Mr. Nocita on football games, on these football wagering cards?

The Court: You can answer that yes or no.

The Witness: It's a hard question to answer yes or no. Mr. Nocita—it's difficult to say. I accepted football cards and I left them in my apartment. But I left at 8:00 in the morning. To say I got them—actually, I left them and I assume Mr. Nocita got them. But directly to hand them to him——

Mr. Campbell: I move to strike the portion starting with "I assume"——

The Court: It may go out. [161]

Let me ask this witness a question or two. Maybe I can help you out.

You say you took bets on football games?

The Witness: No. I bet my football card myself, or a few of the boys who worked with me, I took them and left them in the apartment.

The Court: In the apartment?

The Witness: Yes, sir.

The Court: You don't know who got them?

The Witness: Well, I know—what I mean I never directly handed them——

The Court: You just took them in and left them in the apartment?

The Witness: That is correct. I left a note with them and I know who got them, of my knowledge. I know who would get them. But directly hand them to him—I was gone at 8:00 in the morning.

(Testimony of Walter O. Barrett.)

The Court: Did any of your bets pan out? Did you win?

The Witness: I never did win. I can't pick those football games.

The Court: Nobody paid you any money?

The Witness: That's right.

The Court: So all you know now is that you had some football cards and you made selections and left the cards in the apartment? [162]

The Witness: That's right.

Q. (By Mr. Jacobson): Did you also have cards with selections made by some of your friends, and money wagers? Did you leave that in the apartment—— A. That's right.

Q. ——for someone to pick up?

The Court: May I inquire?

These cards left in the apartment, did you leave any money?

The Witness: That's right.

The Court: You left the money with the cards?

The Witness: That's correct.

Q. (By Mr. Jacobson): Now, this is the apartment at 14651 Lime Avenue, Compton?

A. That's correct.

Q. Did Mr. Nocita have a key to that apartment?

A. That's right.

Q. Who paid the majority of the rent?

A. We split it down the middle.

Mr. Jacobson: No more questions.

(Testimony of Walter O. Barrett.)

Cross-Examination

By Mr. Campbell:

Q. Mr. Barrett, Mr. Nocita didn't live in this apartment, did he?

A. I believe not, no. [163]

* * *

Q. (By Mr. Campbell): Did he have a home? To your knowledge is Garden Grove in Orange County? A. That's right.

Q. Now, you never saw Mr. Nocita pick up any of these tickets or money, did you, there in your apartment? A. No.

Q. As a matter of fact, you know, do you not, that somebody else used the apartment during the day? Do you know that? A. That's correct.

Mr. Jacobson: I didn't hear Mr. Campbell's last question.

The Court: Read the question.

(Record read.)

Q. (By Mr. Campbell): By "someone else," I refer to someone else other than Mr. Nocita. Is that correct? A. That's correct.

The Court: Well, include Mrs. Nocita, too. Does that include Mrs. Nocita?

The Witness: That's right. I don't know her.

Q. (By Mr. Campbell): Mrs. Nocita was not living there, either, was she? A. No. [164]

Q. Definitely not? A. No.

Mr. Campbell: That is all.

(Testimony of Walter O. Barrett.)

Redirect Examination

By Mr. Jacobson:

Q. Did you ever leave a note with any of the cards and the money?

Mr. Campbell: Yes or no.

The Court: Yes or no.

The Witness: Yes.

* * *

Q. (By Mr. Jacobson): Well, let me ask you this: You [165] don't really know whether Mrs. Nocita was ever at that apartment, do you?

A. I do not, no. To my knowledge she never was.

Mr. Jacobson: That is all.

Mr. Campbell: No further questions.

* * *

GILBERT E. SCHOLTEN

called as a witness on behalf of the libelant, being first sworn, was examined and testified as follows:

The Clerk: Will you state your name, sir?

The Witness: Gilbert E. Scholten, S-c-h-o-l-t-e-n.

Direct Examination

By Mr. Jacobson:

Q. What is your occupation?

A. Deputy sheriff, Los Angeles County, presently assigned to the vice detail.

(Testimony of Gilbert E. Scholten.)

Q. Is the vice detail the detail that investigates bookmaking activities? A. Yes, sir. [166]

Q. I refer you to November 20, 1956, and ask you if you saw Mr. Roland Nocita on that day?

A. Yes, sir; I did.

Q. Is this the Mr. Roland Nocita that you saw (indicating)? A. That's correct.

Q. Where did you see Mr. Nocita?

A. I first observed Mr. Nocita on that date at the corner of Cole Place and Long Beach Boulevard in the City of South Gate, California.

Q. Where was Mr. Nocita when you observed him on that occasion?

A. He was driving a 1957 Ford Thunderbird, the paper plate with the number 0572343.

Q. Did you follow him?

A. No, sir; I did not.

Q. Did you have occasion to see him again during the course of that day? A. Yes, sir; I did.

Q. Where?

A. That was at the corner of San Vicente and Lime Avenues, in Compton, California, approximately 10 or 15 minutes later.

Q. Was he in that same Thunderbird at that time? A. Part of the time, yes, sir. [167]

Q. Part of the time? A. Yes.

Q. Did he get out of the car?

A. Yes; he did.

Mr. Jacobson: No further questions.

The Court: Any questions?

Mr. Campbell: Was he alone?

(Testimony of Gilbert E. Scholten.)

The Witness: I believe he was. I am not sure.

Mr. Campbell: That is all.

The Court: You may step down.

(Witness excused.)

Mr. Jacobson: The Government rests, your Honor.

Mr. Campbell: If the Court please, I have certain motions to make at this time. And in that connection may I have about five minutes before I make them? I think I can organize them.

The Court: Yes. We can take our morning recess now.

Mr. Campbell: I believe it will be in the interest of time.

(Short recess.)

Mr. Campbell: Shall I proceed, your Honor?

The Court: Yes, you can proceed.

Mr. Campbell: At this time I wish to move to dismiss each of the libels which have been brought here by the Government, both on the basis that they are not supported by law and, secondly, that they have not been supported by the evidence [168] produced here before this Court.

To address myself to the second proposition first, as to the sufficiency of the evidence——

The Court: Now, I don't think, counsel, that you have to discuss the evidence, because I have heard the testimony of the witnesses and I know what they have testified to.

And, also, I might call your attention to the fact that the Circuit doesn't look with favor upon a granting of a motion. They much prefer that the motion be denied; that the defendants put in what proof they have, and then the Court makes a decision and the matter goes up on the entire record rather than just the plaintiff's testimony.

That is a policy—whether it's a good policy or bad policy—the Circuit has.

Mr. Campbell: I can appreciate that, your Honor, and I lose nothing in the circumstances here because it is my intention to rest my case, and rest it upon the record as produced by the Government. So I do not have a motion to save and I will——

The Court: Why don't you just rest your case instead of making a motion, and then I decide the matter on the evidence rather than upon the lack of evidence.

Mr. Campbell: Very well. Then I shall at this point, since I do not intend to put on evidence, rest my case upon the Government's proof. [169]

The Clerk: Is he withdrawing his motion, your Honor?

The Court: I understand you are withdrawing your motion.

Mr. Campbell: I will withdraw the motion and will rest my case.

The Court: Then I assume that in that situation, if there is no other evidence, we can proceed with the discussion of the case in chief. Is that right?

Mr. Campbell: Yes, your Honor. In which event——

The Court: I am addressing my remarks now to the United States Attorney, I suppose the United States Attorney doesn't have any other testimony.

Mr. Jacobson: That is true, your Honor.

(Whereupon, a statement was made by the Court, followed by statements of both counsel.)

The Court: * * * I will take this matter under submission. And I will review the authorities and do a little research of my own and let you know what my conclusion will be.

Mr. Campbell: Both cases, your Honor?

The Court: Both cases.

The Court will stand in recess until 10:00 o'clock Monday morning.

(Whereupon, the above-entitled matter was concluded.) [170]

Certificate

I hereby certify that I am a duly appointed, qualified and acting official Court Reporter of the United States District Court for the Southern District of California.

I further certify that the foregoing is a true and correct transcript of the proceedings had in the above-entitled cause on the date or dates specified therein, and that said transcript is a true and correct transcription of my stenographic notes.

Dated at Los Angeles, California, this 5th day of February, 1958.

/s/ MARIE G. ZELLNER,
Official Reporter;

/s/ DON P. CRAM,
Official Reporter.

[Endorsed]: Filed February 5, 1958. [171]

[Title of District Court and Cause.]

STATEMENT OF POINTS ON WHICH
APPELLANT INTENDS TO RELY

Anna Valetta Nocita, Claimant and Appellant in the above-entitled action, states that the points on which she intends to rely on the appeal in this action are as follows:

1. The District Court was without jurisdiction to render judgment in the above-entitled proceeding.
2. The Findings of Fact, Conclusions of Law, and Judgment are not supported by the evidence.
3. The Judgment is contrary to law.
4. Errors occurring in the admission and rejection of evidence.

Dated: January 3rd, 1958.

/s/ WALTER M. CAMPBELL,
Attorney for Claimant and
Appellant.

Receipt of copy acknowledged.

[Endorsed]: Filed January 6, 1958.

[Title of District Court and Cause.]

CERTIFICATE BY THE CLERK

I, John A. Childress, Clerk of the above-entitled Court, hereby certify that the items listed below constitute the transcript of record on appeal to the United States Court of Appeals for the Ninth Circuit, in the above-entitled case:

A. The foregoing pages 1 to 31, inclusive, containing the original:

Libel of Information.

Answer to Libel Information.

Affidavit in Support of Answer and Claim for the Return of Automobile.

Opinion.

Objections to Findings of Fact, Conclusions of Law, and Judgment.

Findings of Fact, Conclusions of Law and Judgment.

Notice of Appeal.

Designation of Record on Appeal.

Statement of Points on which Appellant intends to rely.

B. One volume of Reporter's Official Transcript of Proceedings had on October 31, 1957, and November 1, 1957.

I further certify that my fee for preparing the foregoing record, amounting to \$1.60 has been paid by appellant.

Dated: February 5, 1958.

[Seal] JOHN A. CHILDRESS,
Clerk;

By /s/ WM. A. WHITE,
Deputy Clerk.

[Endorsed]: No. 15882. United States Court of Appeals for the Ninth Circuit. Anna Valetta Nocita, Claimant of One 1957 Ford Thunderbird Automobile, etc., Appellant, vs. United States of America, Appellee. Transcript of Record. Appeal from the United States District Court for the Southern District of California, Central Division.

Filed February 7, 1958.

/s/ PAUL P. O'BRIEN,
Clerk of the United States Court of Appeals for
the Ninth Circuit.

In the United States Court of Appeals
for the Ninth Circuit

No. 15,882

ANNA VALETTA NOCITA,

Appellant

vs.

UNITED STATES OF AMERICA,

Appellee.

STATEMENT OF POINTS ON WHICH APPELLANT
INTENDS TO RELY ON APPEAL

Appellant, Anna Valetta Nocita, hereby adopts the Statement of Points on Which Appellant Intends to Rely, as set forth in the Designation of Record in the above-entitled cause, except that appellant will not rely upon Point 4 therein, to wit, "Errors occurring in the admission and rejection of evidence."

Dated: February 13th, 1958.

/s/ WALTER M. CAMPBELL,
Attorney for Appellant.

Receipt of Copy acknowledged.

[Endorsed]: Filed February 20, 1958.

No. 15884

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

ROHR AIRCRAFT CORPORATION and THE FRANKLIN C.
WOLFE COMPANY, INC.,

Appellants,

vs.

RUBBER TECK, INC., RUBBER TECK SALES AND SERVICE CO.,
PAUL A. KARRES, OTTO R. GRASS and JOE P. KERLEY,

Appellees.

RUBBER TECK, INC., RUBBER TECK SALES AND SERVICE CO.,
PAUL A. KARRES, OTTO R. GRASS and JOE P. KERLEY,

Appellants,

vs.

ROHR AIRCRAFT CORPORATION and THE FRANKLIN C.
WOLFE COMPANY, INC.,

Appellees.

Brief for Cross-Appellees Rohr Aircraft Corporation
and The Franklin C. Wolfe Company, Inc.

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FILED

NOV 10 1958

PAUL P. O'BRIEN, CLERK

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No. 15884

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Appellees.

RUBBER TECK, INC., RUBBER TECK SALES AND SERVICE CO.,
PAUL A. KARRES, OTTO R. GRASS and JOE P. KERLEY,
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vs.

ROHR AIRCRAFT CORPORATION and THE FRANKLIN C.
WOLFE COMPANY, INC.,
Appellees.

Brief for Cross-Appellees Rohr Aircraft Corporation
and The Franklin C. Wolfe Company, Inc.

Introduction.

This Brief is limited to questions of alleged false marking through advertising, and attorney's fees, raised by Cross-Appellants. For clarity, the parties will be referred to by their names or as Plaintiffs and Defendants. The Defendants' statements of fact are in general correct, and where incorrect will be pointed out hereinafter. Since the issues of alleged false marking and the award of attorney's fees in exceptional patent cases are entirely separate they will be so treated herein.

Alleged False Marking.

Defendants' (Cross-Appellants) brief mixes *unproven allegations* with facts in such a manner that confusion is created.

There is no dispute about the fact that Plaintiff Franklin C. Wolfe Co., Inc.'s advertising literature contains a general patent legend as is shown in Exhibits 15 and 109 and that this literature illustrates many different products including LOCK O SEALS, ONE PIECE LOCK O SEALS, TERMIN O SEALS, GASK O SEALS, and others. The form of this general patent legend varies slightly in some printings but in the form complained of by Defendants is as follows:

“One of the LOCK O SEAL family
Patent 2,396,005
Other patents pending”

There is no question concerning Patent No. 2,396,005 which is the patent in suit discussed at length in Plaintiffs' opening brief. The relationship to LOCK O SEALS, one piece LOCK O SEALS and the accused device is set forth at length in Plaintiffs' opening brief.

As to the products TERMIN O SEAL and GASK O SEAL the facts are that these products had patents pending thereon at the time of the printing of the advertising. To be exactly correct, at the present time, both of these products have patents issued on them. The product TERMIN O SEAL is covered by United States Letters Patent No. 2,666,805 and the product GASK O SEAL by United States Letters Patent No. 2,717,793. These patents disclose exactly the devices shown in Plaintiff Wolfe's advertising.

Both of these patents which are official documents issued by the United States Patent Office bear on their

face the date of filing of the patent. In the case of patent No. 2,666,805 the filing date is February 3, 1951. In the case of patent No. 2,717,793 the date is November 10, 1952. It should be noted that both of these dates are prior to the effective date of 35 U. S. C., Section 292, on which the Defendants' counterclaim was based. The Patent Act of 1952 was by the enabling provisions of Section 4(a) made to "take effect on January 1, 1953." Thus it would have been impossible for the Plaintiffs to have falsely used the notation "patent pending" in relation to advertising either TERMIN O SEALS or GASK O SEALS since both applications were filed before the law was passed.

According to the Defendants' Brief (p. 10) the "Court should have required the plaintiffs to produce their applications on their various sealing devices identified in their advertising with the legend 'Other patents pending,' or, in the alternative, confess that they had no applications pending thereon."

Before looking at the record we would like to point out that the sole incident at the trial relating to Defendants' request to produce, occurred during the presentation of Plaintiffs' case. No further questioning of any witnesses, nor demand for the production of evidence, nor anything else bearing on the question of possible false marking, took place during the Defendants' case [R. 557]:

"Mr. Miller: Your Honor, at this time before we get started, we would like to make a demand that the application on the so-called one-piece Lock-O-Seal or Stat-O-Seal be produced.

The Court: You mean application to whom?

Mr. Miller: For a patent.

Mr. Fulwider: I don't see that that has anything to do with this lawsuit, your Honor. We are not attempting to sue under the application.

The Court: What difference does it make?

Mr. Miller: That's the point here. There is apparently some allegation here that we are accused of infringing a patent because we made a one-piece device. Mr. Fulwider told you at the start that they had an application on the Stat-O-Seal—

The Court: Your motion is denied. Mr. Fulwider, I am going to require you to finish your case today. * * *"

On its face the above demand had nothing to do with proof of false marking and was properly denied by the court for obvious reasons. Nevertheless, Defendants argue from this that the court should presume that Plaintiffs have no patents pending and should be found guilty of the criminal provision of false marking.

Defendants could have questioned any officer of Wolfe that they chose, under oath, to determine if the Plaintiffs had patents pending. If not satisfied with the affirmative answer they would have received, they could have subpoenaed records, and if necessary such portions of the patent application papers as would have been proper to prove the existence of the applications. The reason that Defendants did not take any such proper steps to prove their case is because they knew, and know now, that if they had, the claim of false marking would have evaporated.

Plaintiffs' patent legend is a general legend printed at many different places in the advertising [Exs. 15 and 109]. As such it was intended to give notice of multiple patent rights, a common practice in industry. Such marking has been specifically upheld as proper by the courts.

As was said in *United States v. General Electric Co.*, 82 Fed. Supp. 753, in speaking of the printed notice appearing on lamp cartons:

“ ‘The Mazda Lamp contained herein is manufactured by General Electric Company under *one or more* (italics supplied) of the following patents * * *’ and was followed by a list of patent numbers, at least *one of which was employed* in the manufacture of the lamp contained therein. Testimony developed the fact that this was a practice often resorted to when multiple patents expiring at different times covered several objects and cannot be said to have deceived the public.”

In the instant case the Plaintiffs have employed one or more of their designated patent rights in manufacturing the various devices illustrated in the advertising literature and thus were acting in good faith at all times.

It should also be noted that all paragraphs of 35 U. S. C., Section 292 qualify false marking of advertising with the phrase “for the purpose of deceiving the public,” and that, as stated in the first sentence of the Revision Notes to the Code Section, “This is a criminal provision.” Like all criminal provisions, offenses charged under this Section must be proven beyond a reasonable doubt.

Even assuming that Plaintiffs patent legend is susceptible to some interpretation by which it is incorrect, no intent to deceive the public as is required by 35 U. S. C., Section 292 has been proved.

No proof whatsoever was attempted by Defendants to show Plaintiffs intent in its use of the patent legend on advertising. A person who marks as patented something which is not patented is not liable for the penalty pre-

scribed by Section 292 unless he does so knowing that he has no right to do so. In *London v. E. H. Dunbar Corp.*, 179 Fed. 506, 509 (C. C. A. 1), a case relied upon by Defendants, the Court illustrates the point as follows:

“Of course it does not follow from the fact that the article was unpatented that there was necessarily a purpose to deceive the public in marking it patented. The purpose to deceive the public is an essential element of the offense, and the burden is upon the plaintiff to establish this purpose, as well as the fact that the article is unpatented. The statute does not extend to one who has an honest, though mistaken, belief that upon a proper construction of the patent it covers the article which he marks.”

In *Calderwood v. Mansfield*, 71 Fed. Supp. 480, also relied upon by the Defendants, the Court said in holding that there was no false marking:

“Assuming the differences between the patent design and the manufactured wrist band to be substantial, such differences cannot give rise to a cause of action under 35 USC 50, unless they prove to be in furtherance of a ‘purpose of deceiving the public.’”

In summary, Defendants have completely failed to prove a case of false marking. It is a matter of public record that Plaintiffs had patents pendings as their patent legend states. It is obvious that Plaintiffs had the right to notice Patent No. 2,396,005. Thus the legend is true and correct as to both categories of Plaintiffs patent rights. Furthermore, the Defendants made no attempt to show that Plaintiffs had any intent whatsoever to deceive the public.

Attorney's Fees.

Defendants contend that the trial court erred in failing to allow Defendants an opportunity to place in evidence the letter quoted at length on page 11 of Defendant's Brief on the Cross-Appeal. The short answer to this contention is that Defendants had an opportunity at the trial of this case to put in evidence this letter or anything else they wished. Defendants made *no attempt at the trial* to produce any evidence which would justify the award of attorney's fees.

Defendants have pointed to no procedural rule, and we know of none, which states that a court should not decide all of the issues in a case at the close of a full trial on the merits. Also, there is nothing which would have prevented Defendants from raising the issue of attorney's fees by proper application to the court after the decision if they had so desired.

Apart from this, Defendants letter was just what it appears to be, an expression of opinion. Plaintiffs have set forth their views concerning the prior art patents in their main brief and believe now, as they did in 1954, that the patent in suit clearly has an inventive difference over the prior art.

The second point raised is that Plaintiffs should not have joined Joe P. Kerley as a Defendant. Kerley was until July, 1954 an Officer, Director and substantial stockholder in the corporate Defendant Rubber Teck Inc. [R. 273]. He was one of the original incorporators of the company [R. 282], in 1947 and employed full time by it from then until 1954. He was in fact the individual most closely related to Defendants' subcontracting of the manufacture of the patented device, and the transmission

of technical data from Rohr and Wolfe to Rubber Teck Inc. He was undoubtedly a moving spirit in commencing the manufacture of the accused DUO SEAL device as is apparent from an inspection of the letter of November 20, 1953 from Rubber Teck Inc. to Fletcher Aviation Corporation [R. 744]. Moreover, sales of the infringing device occurred months before Kerley left Rubber Teck Inc. [R. 301] and most all of the acts of unfair competition had occurred or started. Plaintiffs thus had many good reasons for joining Kerley in this suit as will be obvious to this court.

There is nothing at all in the record of this case, or in Defendants' brief, which would support the view that this is an "exceptional" patent case as the term is set forth in 35 U. S. C., Section 285. As is said in the Revisor's Notes to Section 285:

"This section is substantially the same as the corresponding provision in R.S. 4921; 'in exceptional cases' has been added as expressing the intention of the present statute as shown by its legislative history and as interpreted by the courts."

The law of this Circuit was well stated in the case of *Park-In Theatres, Inc. v. Perkins*, 190 F. 2d 137, 90 U. S. P. Q. 163, wherein it is said:

" . . . But in granting this power, Congress made plain its intention that such fees be allowed only in extraordinary circumstances. . . . Thus, the payment of attorney's fees for the victor is not to be regarded as a penalty for failure to win a patent infringement suit. *The exercise of discretion in favor of such an allowance should be bottomed upon a finding of unfairness or bad faith* in the conduct of the losing party, or some other equitable consideration of similar force, which makes it *grossly*

unjust that the winner of the particular law suit be left to bear the burden of his own counsel fees which prevailing litigants normally bear. The cases support this view. . . .” (Emphasis added.)

Had the Defendants put in evidence the letter referred to in their brief, we believe it clear that the trial court would have decided this issue exactly as it did. To do otherwise on the record of this case would have been a manifest abuse of discretion.

Conclusion.

The judgment of the trial court that there was no merit in Defendants’ counterclaim for false patent marking under 35 U. S. C., Section 292 should be affirmed.

The Defendants request for attorney’s fees below, and in this court should be denied.

Respectfully submitted,

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No. 15884

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

ROHR AIRCRAFT CORPORATION and THE FRANKLIN C.
WOLFE COMPANY, INC.,

Appellants,

vs.

RUBBER TECK, INC., RUBBER TECK SALES AND SERVICE CO.,
PAUL A. KARRES, OTTO R. GRASS and JOE P. KERLEY,

Appellees.

RUBBER TECK, INC., RUBBER TECK SALES AND SERVICE CO.,
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Appellees.

REPLY BRIEF OF APPELLEES, RUBBER TECK, INC., et al.

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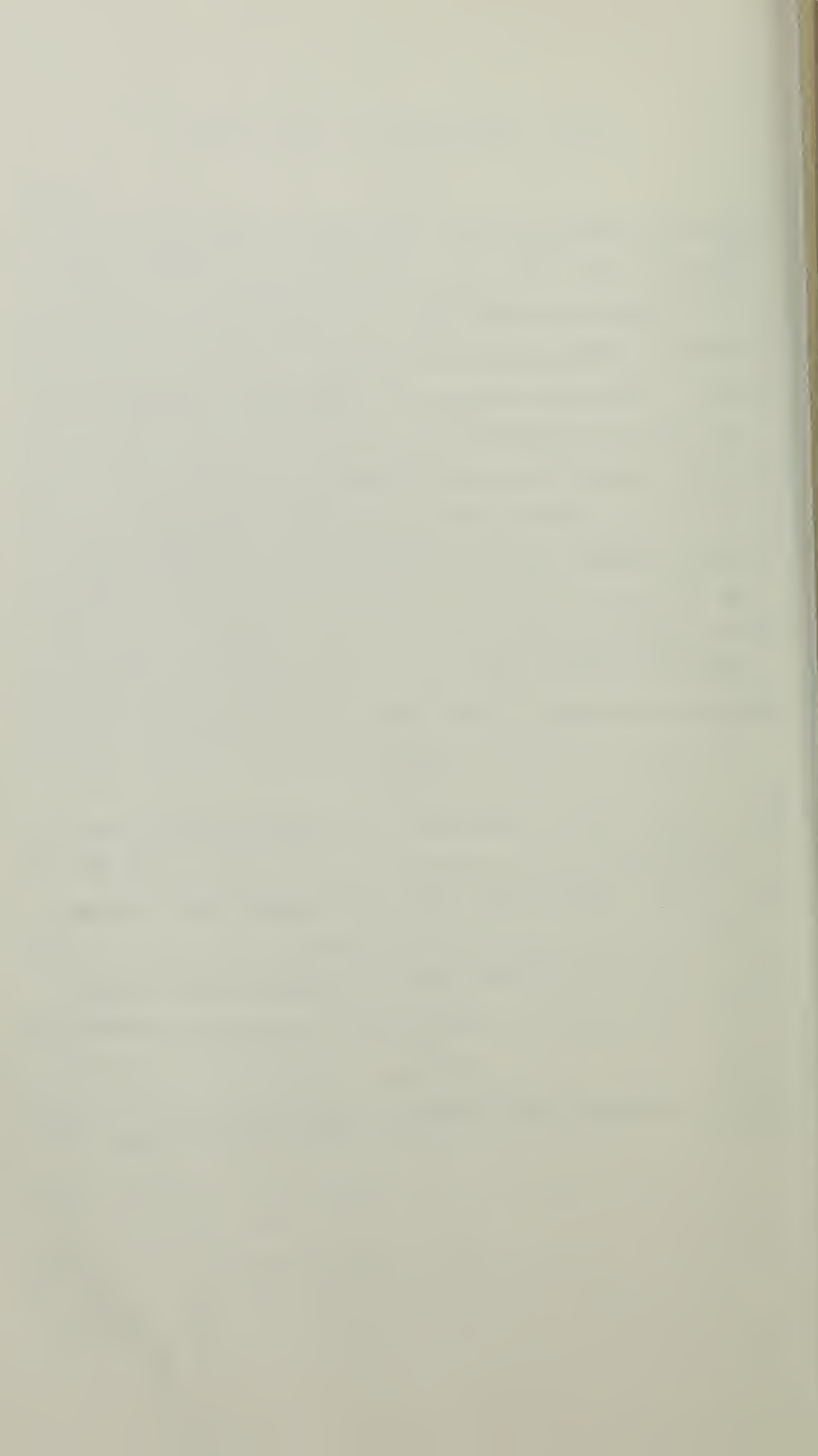
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REPLY BRIEF OF APPELLEES, RUBBER TECK, INC., et al.

Introduction.

The complaint in this case charges the defendants with patent infringement and unfair competition. The lower court rendered a memorandum opinion [R. 31] in which it was concluded

(1) That the defendants did not infringe claim 1 of the patent in suit which is the only claim in issue [R. 33];

(2) That the claim was invalid for lack of invention [R. 35]; and

(3) That there was no unfair competition [R. 36].

Appropriate findings of fact and conclusions of law and judgment were entered accordingly [R. 37-48].

This Court has repeatedly held that questions of infringement, of invention, and of unfair competition are questions of fact and findings thereon will not be treated lightly or overturned unless clearly erroneous. (*Stauffer v. Slenderella Systems of California, Inc.*, 254 F. 2d 127, 115 U. S. P. Q. 347, and cases therein cited.)

The primary consideration on this appeal therefore is whether or not the findings on the question of infringement, invention and unfair competition are clearly erroneous.

Sinclair & Carroll Co., Inc. v. Interchemical Corp., 325 U. S. 327, 89 L. Ed. 1644, indicates that validity of a patent is usually of primary consideration because of the public interest involved, and for this reason, in presenting this brief the defendants have elected to consider and discuss the question of invention in relation to the prior art before discussing the question of infringement.

Claim 1 of the Patent in Suit Is Invalid.

Claim 1 of the patent in suit, which is the only claim in issue, reads as follows:

“1. Means for sealing the walls of a tank secured between the head and shank of a fastener, comprising, in combination, a washer of rigid material having a central bore, surrounding the shank of the fastener and adapted to make rigid contact with the head of the fastener and a tank wall, and a rubber-like doughnut shaped ring positioned within the bore of the washer, said ring having a diameter greater than the thickness of said washer and being confined in said washer with opposite sides thereof normally protruding from the opposite faces of the

washer, whereby upon the underside of the head of the fastener compressing the rubber-like ring against a portion of one contiguous wall of the tank being fastened together, said ring is deformed into sealing contact with the bore of the washer, the shank, the head of the fastener, and said contiguous portion of said wall.”

The object of the patent is to provide a seal against fluid leakage around a bolt, rivet or similar fastener beneath its head.

“Our head seal consists of a metal flat washer, and doughnut shaped rubber-like washer which fits inside of the metal washer. This assembly is placed under the head of the screw, bolt, or rivet prior to installation and the screw or bolt is tightened until a firm metal bearing is obtained between the head, the metal washer and its faying surface. During the tightening, the doughnut shaped rubber-like washer assumes the shape of the rectangular channel inside of the metal washer between the head and the surface to which the washer has been attached.”
[Patent in suit, R. 855, p. 1, column 2, lines 27-39.]

The reason why the “doughnut shaped” rubber washer is caused to “assume the shape of the rectangular channel” is that the rubber washer or O-ring 20 initially fits “closely within the metal collar 21” and is “thicker and extending appreciably beyond the same.” [Patent in suit, p. 2, column 1, lines 64-67.]

The primary reason why bolts, rivets, screws, and the like must be sealed at all against leakage is that these devices are not ordinarily precision devices and are consequently not precisely made. Bolts of a certain nominal size must approach that size reasonably closely—but only within certain manufacturing tolerances. As manufac-

tured today, bolts of a specified nominal size will vary therefrom considerably, some being over-size one or more thousandths of an inch, and others being under-size. If bolts, rivets, and similar fasteners were made precisely to exact size, the holes to receive them could be drilled precisely to the same size and the exactness of fit would make sealing unnecessary as is demonstrated by any metal to metal contact joint that has its parts finely ground to exact size. It is the variation of bolt, rivets, and the like from exact size and the variation of the bolt holes from true nominal size that makes sealing not only desirable, but necessary in structures designed to hold fluids.

In this case the solution of the problem was a simple one. Soft rubber gaskets, washers, and the like had been used for years as seals and were as common as the rubber washers used in couplings of garden hoses. Leo W. Cornwall, one of the joint patentees of the patent in suit, testified by way of discovery deposition as follows [R. 790]:

“I was working under Mr. Gross in the laboratory on the machine and tool designing for the laboratory and, when I came back, several of the other fellows were around one of the displays and Mr. Gross called me over and explained what they were constructing. It seems that the access doors that they had on the airplanes had about 120 bolts on them and, when they built the plane originally, they didn't have any trouble with the leaks but, if they had to get into that door and check all of those bolts out, invariably one or more of them would leak. So they tried to stop it by taking a rubber doughnut with a flat washer over it and put that between the body of the plane and the nut. That was all right as long as the doughnut didn't squeeze out to one side. So Mr. Gross says, ‘Leo, what do you make of this?’ I

took one look at it and I says, 'All you have to do is to put a metal ring around it.' And from there on I did all of the devising of these drawings. I think you will find that there from the original I made for Mr. Gross, and Mr. Gross and I got our names on the patent."

[R. 792]:

"Q. Are all of these designs that I see on the drawings of the patent all yours or are they part Mr. Gross' or are they all Mr. Gross'? A. Do you mean the ideas?

Mr. Miller: Would you repeat the question?

(Question read by the reporter.)

A. Well, I will have to answer that in this way. I had the original idea of putting the washer around the doughnut but the result of this was in cooperation with some suggestions that Mr. Gross had.

Q. What suggestions are there of Mr. Gross, here? A. Well, that will be kind of hard to figure out here because I can't remember details back that far. The best that I could tell you of that, and this is partially guesswork, is I believe that this hood over this doughnut is Mr. Gross'.

Q. You refer to a hood. Is that hood No. 28 on the drawing? A. Yes. I think he will corroborate that. This simple arrangement here—

Q. Pointing to Figure 2? A. Yes, and in Figure 3—this simple arrangement was mine.

Q. That was yours alone? A. Yes. The idea of putting the metal ring around the doughnut was mine."

[R. 793]:

"The only thing I made a hundred per cent and take credit for is the original idea.

Q. When you said the original idea you pointed to Figure 2? A. Yes.

Q. Is that what you consider the original idea, Figure 2 and Figure 3? A. Yes; that is right.”
[See also redirect examination at R. 817.]

But neither Gross nor Cornwall were the first to produce a structure consisting of an outer metal washer or retainer and an inner rubber washer which was initially thicker than the outer metal washer or retainer and which was deformed on tightening two opposed parts. At least four prior patents and publications disclose such a structure, none of which were cited by the Examiner in the United States Patent Office who passed upon the Gross and Cornwall application [see Ex. C], the file wrapper and contents of the Gross and Cornwall application transmitted as a physical exhibit. The references making such a disclosure are as follows:

British patent to Aircraft Components Limited,
and Frederick Edward Killner, No. 537,654
[R. 950];

United States Patent to Seligman No. 2,191,044
[R. 945];

United States Patent to Hart No. 67,539 [R. 927];

United States Patent to Hart No. 128,391 [R. 929].

Claim 1 Is Anticipated by the British Patent to Killner et al.

In the British patent to Killner et al. [R. 950] the patentee was confronted with the same problem of “sealing of a union or conduit connection.” The problem was solved in the same way by placing “a rectangular section ring 7 of synthetic rubber fitting within a steel confining

ring 8 which is axially shorter than the synthetic rubber ring” [see Killner’s complete specification, p. 2, column 2, lines 91-95]. As stated on page 3, lines 9-23:

“It will be seen by comparison between Figures 5 and 6 how, due to the ring 7 being substantially incompressible, the application of axial pressure results in reducing the overall length which must obviously be taken up by radial expansion. Due to the presence of the confining ring 8, the radial expansion can in this case occur inwardly only, and that against the pressure of entrapped air and any tendency to leakage from the interior of the connection into the space 17 (Figure 3).

“The axial length of the confining ring may be so chosen as to ensure that when the assembly is tightened up adequately, the confining ring is gripped between the parts 9 and 10 so that the deformable ring 7 is completely relieved of any structural loads to be transmitted between the parts 9 and 10.

“In practice it is found that it is necessary to screw the nuts up only finger tight to provide an effective seal against high internal pressure.”

See also, page 2, column 1, lines 23 *et seq.*:

“Although the deformation may bring the inner periphery of the deformable member *directly into sealing engagement with a cooperating surface of an assembled connection*, it is preferable that the inner surface of the washer shall be spaced from the cooperating wall of the connection so that pressure fluid can find its way into the space and so apply pressure tending to increase the sealing action of the washer.”

It is the defendants’ contention that claim 1 of the Gross and Cornwall patent in suit was completely an-

ticipated by the British patent to Killner *et al.* The problem was the same, namely, to prevent leakage around a generally cylindrical fastening element. The solution was the same, *i.e.*, produce an outer metallic washer or confining ring and place within it a rubber ring that is axially thicker than the washer or confining ring so that on tightening, the rubber will be squashed or deformed into sealing engagement with the surfaces that must be sealed against leakage. Surfaces that must be sealed against leakage as pointed out in the Killner specification are the surfaces at the top and bottom of the rubber ring. Whether the rubber actually engages the shank and seals against the shank is optional and is of no great consequence. If there is a small space within the inner periphery of the rubber ring "pressure fluid can find its way into the space and so apply pressure tending to increase the sealing action of the washer."

The only pictorial difference between the drawing of the patent in suit and that of Killner is that the rubber ring 20 in the patent in suit is initially round in cross-section, whereas in the British patent to Killner *et al.* it is initially rectangular. This however, makes no material difference as both are deformed when under compression into rectangular cross-sections *of the same shape*. Compare the shape of Killner's compressed rubber ring 7 in Fig. 6 with the shape of Gross and Cornwall's compressed rubber ring in Fig. 3 of the patent in suit. Therefore it makes little difference whether the initial shape of the rubber is round in cross-section as in the patent in suit, or whether it is merely taller than it is wide as in Fig. 5 of the Killner *et al.* patent.

Attention should be called to the claims of the Killner patent. Neither claim 1 nor claim 2 define the deformable

ring as being rectangular in cross-section. But claim 3 reads:

“A sealing washer as set forth in either of the preceding claims, in which the deformable member is a ring *rectangular in cross-section.*”

By comparison and contrast of claim 3 with claims 1 and 2 it is obvious that Killner contemplated using rubber rings of other cross-sectional shapes than rectangular and intended that claims 1 and 2 cover such shapes even though claim 3 might be restricted or limited to only a rectangular shape.

The Gross and Cornwall patent in suit differs from the Killner patent in merely having the four corners of the Killner rubber ring rounded off. The Seligman patent, hereinafter discussed, teaches that the inner corners can be rounded off. It is not invention to round off corners of Killner's rubber ring. See *Oxford Varnish Corporation v. General Motors Corporation*, 23 Fed. Supp. 562, 38 U. S. P. Q. 42, 49:

“That is the reason we put stairs in a house, so we do not have to jump clear upstairs at one step. *We round off the edge of the steps so we will not stub our toes and hurt our feet.* One of the old reasons why we *round things* off is to give protection. I am not going to bother to find a way of saying defendant's machines did not infringe because there is nothing in front of defendant's work. In defendant's tray, the protecting portion does not come up in front of the work, but the *rounding off* he does extends down far enough so that they use this rounding feature. It is such a worthless claim that I would rather kill it than say it was not infringed. I hold it void as lacking in anything but the simplest mechanical

expediency. *It would not require a skilled mechanic to think of rounding off the sharp corners, but such a 'dumb' mechanic.*" (Emphasis added.)

See also, *Acton Mfg. Co., Inc. v. Louisville Tin & Stove Co.*, 116 Fed. Supp. 796, 99 U. S. P. Q. 410, 412:

"The real question, therefore, is whether or not the plaintiffs' Cooler was of such novel design as to show creative or inventive genius. I do not think it was. The plaintiff's box shows novelty in general appearance with its *rounded* corners, conforming, as one of the witnesses pointed out, to the general modern trend of many articles of metal exterior. *This is in contrast to the former sharp edges and square angles.* The best examples of such designing is the present models of automobiles. Added to this is the modern tendency for bright color and the general arrangement which appeals to the aesthetic sense and is pleasing to the eye of the ordinary observer as new and novel.

"Such improved features, however, are no more than the natural development and progressive change in appearance of a long established prior art.

"Every improvement, either in utility or design, even to the extent of radical changes in appearance and function, is not such evidence of inventive genius that the most recent workman can claim a monopoly of production under the patent laws."

The foregoing case was cited with approval in *Cornick, doing business as Piece Control Tag Company v. Stry-Lenkoff Company et al.*, 134 Fed. Supp. 125, 107 U. S. P. Q. 207, 211:

"In the *Acton Manufacturing Co. v. Louisville Tin & Stove Company* case, 116 F. Supp. 796, 798, 99 USPQ 410, 412, Judge Swinford, a Judge of this

Court, considered the validity of a design patent, D-152580, which was for a portable beverage cooler. In that, as well as the case at bar, the patent had been granted upon the idea that the *rounded corners* of the device merited the award of the patent. The alleged infringement, if the validity of the patent was sustained, was admitted. But Judge Swinford held the patent invalid, holding that the rounded corners on the cooler were no more than the natural development and progressive change in appearance of a long established prior art, and said * * *."

The converse of the proposition that no invention is involved in rounding square corners is equally true. It is not invention to give a straight face to a curved surface. See *Frederick Edward Hoddersen-Balling v. Daniel F. Lorenz*, 15 U. S. P. Q. 35, 37. Also, *Shenfield v. The Nashawannuck Manufacturing Company et al.*, 137 U. S. 56, one of the cases referred to by Mr. Justice Douglas in his concurring opinion in *Great Atlantic & Pacific Tea Company v. Supermarket Equipment Co.*, 340 U. S. 147. In the *Shenfield* case the Supreme Court said:

"We agree with the learned judge holding the circuit court, that it did not involve invention—to make a suspender-end of flat cord in substantially the same way that suspender ends of round cord had been made
* * *."

No United States patent was ever obtained in the United States corresponding to the British patent to Killner. Consequently, the Killner invention is public property in the United States and is in the public domain. The plaintiffs in this case would attempt to deprive the public of a fair use of the Killner invention by asserting that the public can make the Killner seal only so long as the initial shape

of the rubber is rectangular as shown in the Killner patent, but that the public, including these defendants, cannot make or sell the Killner seal if the rubber is of round cross-sectional shape.

We believe that the statements made by the Supreme Court in *Atlantic Works v. Brady*, 107 U. S. 192, 200, are applicable:

“The process of development in manufacture creates a constant demand for new appliances, which the skill of ordinary head workmen and engineers is generally adequate to devise, and which, indeed, are the natural and proper outgrowth of such development. Each step forward prepares the way for the next, and each is usually taken by spontaneous trials and attempts in a hundred different places. *To grant to a single party a monopoly of every slight advance made, except where the exercise of invention somewhat above ordinary mechanical or engineering skill is distinctly shown, is unjust in principle and injurious in its consequences.* The design of the patent laws is to reward those who make some substantial discovery or invention which adds to our knowledge and makes a step in advance in the useful arts. Such inventors are worthy of all favor. *It was never the object of those laws to grant a monopoly for every trifling device, every shadow of a shade of an idea, which would naturally and spontaneously occur to any skilled mechanic or operator in the ordinary progress of manufactures.* Such an indiscriminate creation of exclusive privileges tends rather to obstruct than to stimulate invention. *It creates a class of speculative schemers who make it their business to watch the advancing wave of improvement, and gather its foam in the form of patented monopolies, which enable them to lay a heavy tax upon the industry of the country*

without contributing anything to the real advancement of the arts. It embarrasses the honest pursuit of business with fears and apprehensions of concealed liens and unknown liabilities to lawsuits and vexatious accountings for profits made in good faith.” (Emphasis added.)

Here, the plaintiffs are urging that it was invention to make the inner rubber ring 7 of the Killner patent of round rubber in the same place, in the same environment, and for the same purpose that Killner’s rectangular rubber ring had been made. In support of this contention plaintiffs admit at page 22 of their opening brief:

“It is, of course, true in the present case that the washer serves its respective function as a bearing member, and the O-ring serves its respective function as a seal, but (plaintiffs allege) together they produce new and additional results.”

These results are alleged to be (Pltf. Op. Br. p. 22):

“(1) The ring serves to center the assembly on the shank of the bolt thus providing an annular channel of uniform width into which the ring may be deformed.

(2) The ring is deformed gradually from a round to a rectangular shape and the washer limits this deformation to prevent extrusion.”

These alleged new and additional results simply do not exist.

At the outset, we should call attention to the fact that nowhere in the patent in suit is there any mention of the self-centering ability of the patented seal. While Gross testifies to this quality as quoted on page 18 of plaintiffs’ brief, the point was not argued and not stressed by the

plaintiffs in the court below. Furthermore, self-centering in a horizontal direction could only occur if the bolt, O-ring, and washer were precisely made in relation to each other. As above pointed out, bolt shanks are not precisely made; they are only made within manufacturing tolerances. O-rings also are manufactured only within tolerances. Defendants' witness Otto Grass testified at R. 717, that the most popular sizes for the sealing devices of the character of the accused "Duo-Seals" and plaintiffs' "Lock O Seals" were one-quarter, three-sixteenths, and five-sixteenths of an inch. Taking the one-quarter inch size as being typical and referring to Plaintiffs' Exhibit 39 at R. 869, the inside diameter is shown as having a plus or minus tolerance of .005" and the cross-sectional diameter is shown as having a plus or minus dimension of .003". Even the metal retainer ring is shown as having an inside dimension A with a tolerance of a plus or minus two-thousandths and an outside dimension with a tolerance of plus or minus four-thousandths. Similar tolerances are shown on Plaintiffs' Exhibit 1, appearing at R. 827. These tolerances may at first glance appear to be small but considering the fact that the seal is to be applied to a $\frac{1}{4}$ " bolt it should be apparent that within the tolerance of the bolt shank, the inside diameter of the rubber O-ring, and the inside diameter of the retainer there is plenty of opportunity for looseness of the rubber O-ring in relation to the bolt shank or looseness of the rubber O-ring in relation to the interior of the washer. Either looseness would militate against the self-centering now claimed to be virtue of the plaintiffs' seal.

But regardless of whether self-centering of the seal with relation to the bolt shank takes place or not, it is of no great consequence. The plaintiffs' argument proceeds on the theory that all deformation of the rubber must take

place radially with respect to the axis of the bolt shank and that if the space within the metal washer is non-uniform around the bolt shank, that extrusion of the rubber will necessarily follow. However, rubber in the O-ring can deform in a circumferential direction as well as in a radial direction. Therefore, even if the space between the wall of the bore of the washer is narrower on one side of the bolt shank than on the other because the seal is not perfectly centered, the rubber can be deformed circumferentially as well as radially around the bolt shank to that portion of the annular channel having the greatest volume.

There is another reason, however, why plaintiffs' contention is unsound. Even if there were a slight off-centering of Killner's seal with respect to his bolt, it does not follow that his seal would invariably act as depicted in the illustrations opposite page 26 of Plaintiffs' Brief. On the contrary, as the rubber starts being compressed by the tightening of the bolt or fastener, before the rubber will extrude over the top and bottom of the retainer ring, as depicted in Fig. 3 (opposite p. 26 of Pltf. Br.) great pressure must be exerted by the rubber that is on the left-hand side of this figure against the internal wall of the retainer ring. This pressure would naturally urge the retainer ring from right to left as depicted in this figure. This pressure exerted by the compressing rubber against the interior of the retainer ring on the left-hand side of this figure is unopposed by any corresponding pressure on the right-hand side of the retainer ring due to the fact that the rubber on the right-hand side is spaced from the shank of the fastener and can freely expand into that space. Under these circumstances and conditions, the only thing that will resist movement of Killner's seal from an off-center position into a self-centering position would be

the friction between the rubber, the head of the fastener, and the wall. If this friction is sufficient to hold the seal in place, then the seal will be tightened in an off-center position. *But if the friction between the rubber, the head of the fastener and the wall is insufficient to resist the tremendous pressure exerted by the rubber compressing into an abnormally small space, then the seal will be automatically moved into a more centered position.* This is probably what occurred in the actual courtroom demonstration [712, 713] made with an exemplar of the Killner seal hereinafter referred to.

The plaintiffs' contention that a round rubber O-ring serves to center the assembly on the shank of the bolt whereas Killner's rectangular ring would not, is therefore without merit.

The second contention made by the plaintiffs is that the ring is deformed gradually from a round to a rectangular shape and the washer limits this deformation to prevent extrusion. In a similar manner Killner's ring 7 is gradually deformed from its higher than wide condition, shown in Fig. 5, to its wider than high condition depicted in Fig. 6. Defendants' witness Grass at pages 709 to 715 put on demonstrations in the courtroom before the Court using:

- (1) a "Lock-O-Seal" of plaintiffs' manufacture;
- (2) a seal made in accordance with the disclosure of the Killner patent; and
- (3) one of the accused "Duoseals"

and concluded that all extruded very slightly and to about the same extent. As between the testimony of plaintiffs' witness Gross and the court demonstration made by Grass, the court must have elected to accept and believe the Grass

demonstration and accordingly made Finding 14 [R. 40] reading in part as follows:

“Plaintiffs contend that when pressure is applied a ‘doughnut shaped’ ring will be distorted or deformed so that it will fill the voids between the bore of the washer, the shank, the head of the fastener and the wall, and that there is something about a ‘doughnut shaped’ ring that makes it more adaptable to being deformed than rings of other shapes. However, when pressure is applied a rubber ring within a surrounding thinner metal washer has to be deformed regardless of the shape it is in at the time the pressure is brought to bear.”

This finding is amply supported by concrete evidence put on before the court in actual courtroom demonstration with the plaintiffs’ Lock-O-Seal, an exemplar of the Killner seal, and the defendants’ accused “Duoseal.”

Furthermore, plaintiffs’ expert, Comstock testified [R. 147]:

“Well, any ring or any kind of seal would be deformed under pressure, wouldn’t it? Suppose you put an aluminum ring in instead of a rubber, and you bolted this down and put on pressure. There is a tendency to deform the ring, isn’t there, regardless of the material?”

The Witness: That’s right, * * *.”

The Seligman Patent [R. 945] Is Another Anticipation.

In the Seligman patent [R. 945] the problem was identically the same and the solution was the same. In the Seligman patent the problem was to prevent leakage between adjacent plates of a heat exchanger. In Fig. 8, the plates 10 and 20 are shown as being flat plates, but in Figs. 9 and 10 the plates 10 and 20 have depressed center

portions corresponding to the shanks of the bolts or rivets of the patent in suit. These depressed center portions are within outer flat margins which correspond to the head and wall, respectively, of the patent in suit. In the Seligman patent, as well as in the patent in suit the problem is to provide:

“a resilient packing material” [Seligman patent, p. 1, column 1, line 18] which will prevent leakage between the plates.

At page 25 of plaintiffs’ brief, plaintiffs assert:

“In other words, Seligman intended that the plates which are separated by the spacer *would not rest on the metal frame but on the spacer alone* as is clearly seen in Figures 8, 9 and 10 of the Seligman drawings.” (Emphasis added.)

It is true that Figs. 8, 9, and 10 seem to indicate a slight spacing between the margins of the plates and the metal frame 9. However, these figures are not described as showing the plates in their fully tightened or fully compressed condition. Furthermore, as stated in the Seligman specification, page 1, column 2, lines 26 *et seq.*:

“As will be seen from Figs. 8, 9 and 10, which figures show a frame member incorporating the invention arranged in position between the marginal edges of a pair of heat exchange plates 10 and 20, *the portion 9 of the frame serving to restrain the packing material against outward movement may also be utilized to limit the extent to which the plates may be caused to move towards each other* when the stack is under compression.” (Emphasis added.)

There is thus a clear disclosure in the patent of utilizing the surrounding metal retainer or frame not only to prevent outward spreading of the rubber but also to limit

the extent to which the opposed surfaces can be brought together in compressing the rubber.

The shape of the seal shown in cross-section in Figs. 6 and 7 of Seligman should be compared carefully with the shape of the defendants' accused "Duo-Seals," one of which is illustrated in enlarged section at the bottom of page 996 of the record. In both constructions there is an outer metallic or incompressible retaining ring which prevents outward spreading of the rubber when the rubber is compressed. In both instances the rubber is initially thicker vertically than the retaining ring. In both instances, the rubber has a rounded top and bottom and a rounded interior. In both instances, the outer side of the rubber extends from top to bottom of the inner wall of the retaining ring as distinguished from being tangent thereto as in the patent in suit, and in plaintiffs' "Lock O Seals." In both instances, the rubber is vulcanized to or bonded to the retaining ring so that it cannot become separated therefrom. Seligman describes Figs. 6 and 7 as follows, page 2, column 1, lines 16 *et seq.*:

"Alternatively, the frame may be formed so that it is composed in part of a hard or non-compressible material and in part of a resilient or compressible material. For instances, as is indicated in Figs. 6 and 7, the outer edge portion of the frame may be constituted by a strip 15 of metal or other hard material (*e.g.* hard rubber) and the inner edge portion of the frame may be constituted by strip 16 of compressible material such as soft rubber which is *vulcanized on* or otherwise attached to the strip 15." (Emphasis added.)

Briefly stated, the defendants' accused "Duo-Seals" are virtually identical in construction with the seal disclosed in the Seligman patent, the only difference being that Selig-

man's seal is rectangular in plan to fit rectangular heat exchange plates, whereas defendants' accused "Duo-Seals" are circular in plan. Even the self-centering features and the gradual deforming of the rubber from a round to a rectangular shape now stressed by the plaintiffs, are present in Seligman's seal to the same extent as they are present in the defendants' accused "Duo-Seals."

With respect to the difference in shape in plan plaintiffs' expert Comstock testified at R. 165 *et seq.*:

"Q. The reason that these seals are made round in plan, round in configuration when you look down on them, is that they are designed to fit around cylindrical fasteners such as bolts and rivets. A. That's right.

Q. Suppose that the bolt or rivet happened to be oval-shaped in cross section, would you make the metal washer oval-shaped and the rubber O ring oval-shaped? A. *Certainly*, your metal washer would have to be oval-shaped, because you couldn't deform it, assuming that you have a rigid metal washer. It would have to correspond in its contour. The rubber, you could probably take a pure circular one and put it around an oval shank, assuming you had your proportions right. You could do it either way, I should imagine. I haven't ever considered that proposition. I don't know.

Q. You just make the configuration of the rubber ring and the metal ring to conform to the shape of the cross section of the shank of the fastener that you are going to seal. A. You would necessarily, the metal, I think. As I say, you might or might not have to make the rubber ring. You might be able to use a circular rubber on it.

Q. Are you familiar with carriage bolts? A. Is that a bolt which is square in cross section?

Q. Near the head of the bolt, they have a square portion. A. Yes.

Q. You have seen those? A. Yes, I believe so. I have seen those.

Q. Suppose you want to seal a carriage bolt that had that square portion. Would you make the metal ring and the rubber ring square to fit around that?

A. Well, you have got a different problem there. You could probably approach it either way. You could probably approach it with a circular ring and a substantially—that is a circular washer and a substantially circular ring, or you could probably approach it from a square one. I think if you sat down to work it out, you could probably do it either way, but I wouldn't be sure about it."

* * * * *

"Q. The natural thing to do would be to make a square washer, metal washer, and a square rubber ring? A. I think that is probably the first thing you would do if you were trying to make that type of seal.

Q. Would you say that the rubber when it was square configuration is still doughnut-shaped? A. Well, *the doughnut shape, I think, refers more to the sectional configuration of the ring* rather than the overall configuration, because the claim says a rubber-like doughnut-shaped ring.

Presumably the word ring means the circular and the doughnut-shaped would mean more than cross-section.

Of course, this phrase has to be interpreted in the light of the drawings and the disclosures of the patent, but I would say if you had the square in configuration, but you still had it rounded or substantially circular in section, that it would probably come within that term, doughnut-shaped ring.

I think you can have a square ring.

Q. I will show you a copy of the Seligman Patent No. 2,191,044 and ask you whether or not the shape that we have here of the rubber shown in Figures 6 and 7 is doughnut-shaped. A. *Yes, I think that would be.*"

Defendants regard these statements on the part of plaintiffs' expert Comstock to be tantamount to an admission that claim 1 of the patent in suit is anticipated by Seligman. Claim 1 calls for the combination of:

"a washer or rigid material having a central bore, surrounding the shank of the fastener and adapted to make rigid contact with the head of the fastener and a tank wall."

It does not say "a *round* washer" and was apparently never intended to be limited to round washers as distinguished from oval washers or square washers.

In Seligman, the outer frame 9 in Figs. 8, 9, and 10 and the outer frame 15 in Figs. 6 and 7 is of rigid material and has a central bore or opening surrounding the depressed center portion of the plate 10 in Figs. 9 and 10 corresponding to the shank of the fastener. The washer or frame is adapted to make rigid contact with the opposed margins of the plates 10 and 20 when these plates are compressed towards each other, because, as stated in the specification the rigid washer or frame:

"may be utilized to limit the extent to which the plates may be caused to move towards each other when the stack is under compression" [p. 1, column 2 of Seligman's specification, lines 33-35].

Furthermore, under Comstock's admission Seligman's rubber ring 16 is a "doughnut-shaped ring," and it is

within the bore of the washer or frame 15. Also, the ring has a diameter or vertical thickness greater than the thickness of the washer:

“and being confined in said washer with opposite sides thereof normally protruding from the opposite faces of the washer, whereby upon the underside of the head of the fastener (the underside of the margin of plate 10) compressing the rubber-like ring against a portion of one contiguous wall of the tank being fastened together (the margin of the plate 20), said ring is deformed into sealing contact with the bore of the washer, the shank, the head of the fastener, and said contiguous portion of said wall.” Claim 1 of the patent in suit with parenthesis added.

Plaintiffs may argue that in Seligman the rubber ring 16 on being compressed is not “*deformed into sealing contact with the bore of the washer*” because it is already in full and complete contact therewith, being vulcanized thereto or bonded thereto from top to bottom of the frame 15. If so, the same is identically true of the defendants’ accused “Duo-Seals” illustrated at the bottom of page 996 of the record.

The plaintiffs are therefore placed on the horns of a dilemma. Either the term “doughnut-shaped ring” refers to a ring truly circular in cross-section which is initially tangent to the vertical wall of the bore of the washer and “*is deformed into sealing contact with the bore of the washer*” or the term “doughnut-shaped ring” is broad enough to cover a rubber ring of defendants’ cross-sectional shape wherein no deformation against the wall of the bore of the washer is possible. In the latter case the claim is fully anticipated by Seligman.

It would seem to be obvious that if the plates of the heat exchanger of Seligman were round in configuration

or in plan that Seligman would have made his seal to conform thereto in shape, in which case Seligman's seal would be just as much as anticipation as the defendants' accused "Duo-Seals" would be an infringement.

The Anticipatory Effects of the Hart Patents.

Hart Patent No. 67,539 [R. 927] shows in Fig. 5 a washer F having within it a thicker rubber washer E. As stated in the specification:

"It consists in forming a groove, channel, or chamber in the washer commonly used on bolts, or in the washer and nut combined, and filling said channel with an India-rubber or other elastic packing, and so that it (the packing) will not spread laterally outward, or arranging it so that, if desirable, said packing may spread laterally inward and press against the sides of the bolt; and thus afford additional hold, as will be explained."

In the second Hart Patent No. 128,391 [R. 929], a nut lock is disclosed consisting of an outer metal ring or band C within which:

"A represents a gum washer, the outer face of which is convexed * * *."

In both of the Hart patents the rubber ring inside of the surrounding metal ring is thicker than the metal ring so that on tightening the bolt the rubber washer or ring must be deformed. In neither of these patents is the rubber ring truly circular in cross-section, but in neither of them is the rubber washer truly rectangular. While both of these patents pertain to washers which are to function as lock washers to prevent loosening of bolts and nuts, it is obvious that to use them as liquid seals is but a new use of an old and known article.

Generally, it is not invention to use a known article for a new and analogous use. *Walker on Patents, Deller's Edition*, page 228. Furthermore, the very fact that plaintiffs have selected as their trademark "*Lock O Seal*" indicates that use of their seal as a lock washer as well as a seal is now contemplated.

In the course of the prosecution of the plaintiffs' application for a patent before the United States Patent Office, plaintiffs' attorneys interviewed the Examiner and following the interview presented the following argument at pages 18 and 19 of Exhibit C, the file wrapper and contents of the application for the patent in suit:

"As pointed out during the interview no reference of record shows the combination defined by claims 11 and 12 wherein there is a rigid metal to metal contact between the fastening and the walls of the tank to avoid possibility of subsequent looseness. Also, the metal to metal contact provided by the present arrangement makes possible a structural tightness that is not effected by cold flow of resilient sealing material, such as is the case when a rubber washer is used, as shown in the references cited, instead of the rubber doughnut and metal retainer ring of the present invention.

"Further, note that when the metal to metal contact is obtained between the metal retainer ring and the tank walls, the rubber doughnut 20 is thus put under compression and said doughnut then acts as an effective *lock which cooperates to prevent loosening of the screw (nut) on the bolt.*" (Emphasis added.)

When this argument was presented as to the ability of plaintiffs' seal functioning as a lock washer, it certainly became incumbent upon the Examiner to cite the two Hart patents against this aspect of the alleged invention.

Summary Re Prior Art.

This Court in *Jacuzzi Bros., Inc. v. Berkeley Pump Co.*, 191 F. 2d 632, 91 U. S. P. Q. 24, 27, said:

“But further, a great many of the patents, which were brought to light in this lawsuit and considered by the Trial Court, had not been previously considered by the Patent Office. *Even one prior art reference, which has not been considered by the Patent Office, may overthrow the presumption of validity*, and, when the most pertinent art has not been brought to the attention of the administrative body, the presumption is largely dissipated. Such is the case here.” (Emphasis added.)

Here, there are four prior art references which have not been considered by the Patent Office and which any careful conscientious Examiner would certainly have cited had he been aware of their existence.

In *Great A & P Tea Co. v. Supermarket Equipment Corp.*, 340 U. S. 147, 87 U. S. P. Q. 303, 305, the Supreme Court said in the majority opinion:

“The conjunction or concert of known elements must contribute something; only when the whole in some way exceeds the sum of its parts is the accumulation of old devices patentable. Elements may, of course, especially in chemistry or electronics, take on some new quality or function from being brought into concert, *but is not a usual result of uniting elements old in mechanics.*

* * * * *

“Courts should scrutinize combination patent claims with a care proportioned to the difficulty and improbability of finding invention in an assembly of old elements. The function of a patent is to add to the sum of useful knowledge. *Patents cannot be sustained*

when, on the contrary, their effect is to subtract from former resources freely available to skilled artisans. A patent for a combination which only unites old elements with no change in their respective functions, such as is presented here, *obviously withdraws what already is known into the field of its monopoly and diminishes the resources available to skillful men.*" (Emphasis added.)

Here, washers and rubber O-rings are conceded to be old *per se* (Plft. Op. Br. p. 21). The combination of a metal washer and a thicker rubber ring within it intended to be deformed on tightening a bolt, is also old. The plaintiffs *would prevent* by means of their patent the mere substitution of a rubber O-ring for the rectangular rubber ring of the Killner *et al.* patent whenever a skillful mechanic or skilled artisan happened to have a rubber O-ring available and did not have a rectangular rubber ring but nevertheless wished to make a Killner seal. Although the Killner patent shows his rectangular rubber ring with nicely squared corners, as a practical matter in the normal manufacture of rubber articles such nicely squared corners are not ordinarily obtained. Plaintiffs' expert admits this [R. 174]:

"Q. Then if you start out with a rubber ring that is square in cross section, you are going to have in the normal course of manufacture rounded corners on it."

* * * * *

[R. 175]:

"The Witness: Yes, I think that in ordinary manufacture you would, unless they were particular about achieving exactly square corners. If they wanted to watch it and reject every one that did not have exactly

square corners, then they could certainly turn them out that way.

* * * * *

Q. I show you Figs. 5 and 6 of the British Patent No. 537,654. I call your attention to Figures 5 and 6. In Figure 5, is that ring doughnut-shaped?

A. What do you mean by the ring?

Q. The ring in here is the inside part 7, which is within a retainer 8, and it shows a cross section of it. Is that doughnut-shaped? A. No, that is not doughnut-shaped. It appears to be square in its cross section.

The Court: *It would be doughnut-shaped if you shaved off the corners?*

The Witness: *Yes*, if you shaved them off enough so you get a substantially circular effect, then you have got a doughnut shape.

Q. (By Mr. Miller): If they were made in the normal course of manufacture, they would have rounded corners? A. Oh, I would say in the normal course of manufacture, it would not have sufficiently rounded corners to make it operate like the Gross device, probably. There again, it is speculation.

Q. *How much rounded corners do you have to have in order to get it to work like Gross?* A. Well, that is like saying how high is up. *I don't know just where the dividing line is.* * * *."

Certainly it is a resource available to skilled men to make a seal as disclosed in the Killner *et al.* patent, either with square corners or with rounded corners. To uphold claim 1 of the patent in suit would serve to withdraw into the field of its monopoly all seals whose rubber rings had rounded corners or which more or less closely approached truly circular cross-section.

Likewise, it would withdraw into the field of the monopoly a seal having the structure and cross-sectional configuration of the Seligman patent. The Seligman seal is only rectangular in plan because he was sealing rectangular heat exchange plates. Neither Seligman nor anyone else should be deprived of the right to make the Seligman seal circular in plan instead of rectangular if they have occasion to seal around circular objects. This Court said in *Jacuzzi Bros. v. Berkeley Pump Co.*, *supra*:

“The appellant argues that the literature of the alleged anticipations, such as patents, or publications, must bear adequate directions for construction of the devices sought to be invalidated. *But, where the accused device could be made by a competent mechanic by following suggestions or use of portions of such documents exemplifying prior art, such a doctrine is inapplicable.* Cf. *Cohn v. United States Corset Co.*, 93 U. S. 366, 367; *Eames v. Andrews*, 122 U. S. 40, 66. Otherwise, this supposed rule would negative the use of equivalents.” (Emphasis added.)

The lock washers shown in the two Hart patents should be freely available to any skilled mechanic to use them as seals as well as lock washers if the bolts about which they are positioned extend through walls of tanks intended to carry fluids. Plaintiffs would restrict this use of the Hart lock washer to bolts that did not have to be sealed.

We submit there is ample evidence to support the Trial Court's Finding 16 [R. 41]:

“There is no invention in the structure defined by claim 1 of the patent in suit * * *.”

There Is No Infringement.

Assuming arguendo that claim 1 of the patent in suit is to be sustained, it is manifest that if it is to be held valid over the previously mentioned prior art that it must be restricted to a circular washer having within it a thicker circular rubber ring which has a cross-sectional shape that is truly circular so that on compression by the fastener:

“said ring is deformed into sealing contact with (1) the bore of the washer, (2) the shank, (3) the head of the fastener, and (4) said contiguous portion of said wall.”

The defendants' accused “Duo-Seals” illustrated at the bottom of R. 996, do not have the rubber ring of truly circular cross-section, the very distinction between the seal of the patent in suit and the seal of Killner *et al.* Instead, the outer side of the rubber ring is in full contact with the bore of the washer from top to bottom and is firmly bonded thereto. Being initially in full contact with the bore of the washer, it is manifest that defendants cannot comply with the term of the claim reciting the “ring is *deformed* into sealing contact *with the bore of the washer.*” Defendants' rubber ring is already in full, firm, bonded contact with the bore of the washer and cannot be deformed into sealing contact therewith.

In *Smith v. Nichols*, 21 Wall. 112, 119, the Supreme Court said:

“. . . a mere carrying forward . . . of the original thought, a *change only in form*, proportions, or degree . . . doing the same thing in the same way, by substantially the same means, with better results, is not such invention as will sustain a patent.”
(Emphasis added.)

The above quoted portion of *Smith v. Nichols* was quoted with approval and applied by this Court in *Wilson-Western Sporting Goods Company v. Barnhart*, 81 F. 2d 108, 28 U. S. P. Q. 125, 128, in a case involving a flexible rubber sealing member—very much the same as here.

In *Winnans v. Denmead*, 15 Howard 330, 343, the Supreme Court said:

“Undoubtedly there may be cases in which the letters patent *do include only the particular form described and claimed*. *Davis v. Palmer*, 2 Brock, 309, seems to have been one of those cases. But they are in entire accordance with what is above stated. The reason why such a patent covers only one geometrical form, is not that the patentee has described and claimed that form only; *it is because that form only is capable of embodying his invention*; and, consequently, if the form is not copied, the invention is not used.” (Emphasis added.)

Here, in seeking to avoid the anticipatory effect of the Killner, Seligman, and Hart patents, plaintiffs contend that their ring is “doughnut-shaped” meaning truly circular in cross-section, and not of any of the anticipating shapes. If the truly cross-sectional shape is the only form capable of embodying their invention to render it patentable over the shapes of the prior art, it follows that the defendants have not copied this form of plaintiffs’ invention and that plaintiffs’ alleged invention has not been used.

The lower court therefore was correct in Finding 13 [R. 40]:

“Plaintiffs used the term ‘rubber-like doughnut shaped ring’ in the patent and this term must be strictly construed as against them.”

The lower court was also correct in Finding 14 [R. 40]:

“The rubber ring used by defendants is not a doughnut shaped ring.”

And, in concluding in Conclusion of Law 3 [R. 45] that there was no infringement as to claim 1.

Claim 1 Is Invalid for Indefiniteness.

No one can tell under plaintiffs’ interpretation when his rubber ring is doughnut shaped and when it is not. The matter was succinctly brought out during the trial [R. 1860]:

“The Court: I suppose he did that with the idea that everybody knows what a doughnut-shaped object is. I thought I did before you explained it. *I don’t know now whether I do or not.* But he used the word ‘doughnut-shaped.’

The Witness: Yes.

The Court: Would it have been just as well for him to have said, instead of saying doughnut-shaped, *so shaped* that it would be deformed?

The Witness: Well, as I say, it would be just as well except for this technical objection that the examiner would probably raise to our defining a physical element solely in terms of its function and they prefer to have some term in there that is not purely functional, so you put in a word like ‘doughnut-shaped,’ but you interpret that in the light of the remainder of the claim and also in the light of the specifications and drawings, so that looking at it that way, it means that it would have to be rounded off or cut off at its corners in order to get this effect, but as a patent lawyer you would try to avoid that and the examiner would probably criticize you if you worded it in that manner. But that is actually the essence of what the claim means. *Any ring that is so shaped that it will*

perform this in my opinion would be doughnut-shaped. I think it would have to be. If you could figure out some way to make it—I don't see how you could possibly do it without having a ring that is sort of rounded or sheared off at the corners. If there is some other conceivable way to do it, maybe that would avoid infringement, but I can't see how it could be done.

The Court: I asked you that question with a certain thing in mind, because a question came up in my mind when I first read the patent before trying the case of what is meant by doughnut-shaped, and the only way I could figure out was that it was some object shaped in the form of a doughnut.

The Witness: That's right.

The Court: And recognizing the fact that doughnuts are not uniform, at least they were not uniform when they were handmade, but now they have machinemade doughnuts they are more uniform.

The Witness: They aren't as good, though.

The Court: They are probably not as good, but everybody has a definition of the word 'doughnut-shaped.' Doughnut-shaped, in your opinion, is broader than circular cross-section.

The Witness: Yes, I think so.

The Court: But you believe that the words 'so shaped' could be substituted for 'doughnut-shaped.'

The Witness: Apart from the technicalities of patent law, yes, looking at it from an interpretation point of view, yes.

The Court: I wonder if any other counsel here have read the Parker case."

The *Parker* case referred to by the Court was *Parker Appliance Co. v. Masters*, 94 Fed. Supp. 72, 87 U. S. P. Q. 86, affirmed on opinion below, 92 U. S. P. Q. 247.

We believe that the *Parker* case and the cases cited therein are directly in point. No one can tell what is or is not “doughnut-shaped” any more so than one can tell whether something is or is not “so shaped.” The viciousness of indefiniteness in a patent claim is the same regardless of which term is used.

The Defendants’ Design Was Independently Developed and Was a Distinct Departure From the Alleged Patented Combination.

It is true that the defendants or their predecessors once made the alleged patented seals for the plaintiffs [Finding 8, R. 39]. Subsequently, the plaintiffs and defendants came to a parting of the ways and defendants thereafter made their own seals [Finding 9, R. 39]. The seals made by the defendants, however, were not like those previously manufactured by the defendants for the plaintiffs. Nor were they like the plaintiffs’ one-piece “Lock-O-Seals” or “Stat-O-Seals.”

There were objections to the plaintiffs’ “Lock-O-Seals” manufactured under the patent in suit. In the first place, as the rubber O-ring was not attached to the metal washer it could be readily separated therefrom and become lost. Secondly, there was no assurance that the mechanic applying the seal to the bolt would have the washer frictionally positioned on the O-ring exactly halfway between the head of the bolt and the wall or faying surface as illustrated opposite page 22 of Plaintiffs’ Opening Brief. On the contrary, if the tolerances between the outside of the O-ring and the inside of the metal washer were such that the washer was loose on the O-ring, the washer would drop of its own weight against the wall and the top of the O-ring would consequently project or protrude too high above the

metal washer. Conversely, if the tolerances were such that the metal washer were tight on the O-ring, the washer as initially positioned on the bolt would be disposed against the head of the fastener and too much rubber would project or protrude below the washer prior to tightening. In either instance, and even when the O-ring exactly fit the interior of the washer there was opportunity for the washer to assume a slightly inclined or cocked position relatively to the horizontal O-ring. In other words, there was nothing to hold the washer in the centered position so beautifully illustrated opposite page 22 of Plaintiffs' Opening Brief. Defendants' witness Karres testifies to these facts at R. 696, as follows:

"Q. What were the objections to Lock-O-Seals that caused Rubber Teck to develop the Duo-Seals? A. Principally the mechanics working applying, putting on just the washer without the rubber ring, and if they should put the rubber ring on, at times they would probably *cock the washer*. It wouldn't seal effectively. They had various trouble(s) in the field, as I understand, *of not self-centering*, and if the rubber was pushed up against the—when you place the rubber in, you would have possibly more rubber on the bottom than you would the top. *They would never self-center.*"

All of these various conditions were conducive to extrusion of the rubber and thus failing to get a perfect seal. Grass testifies, R. 710:

"The Court: And I suppose they wouldn't have been used unless they were satisfactory. Now, whether it extrudes a little or much, I don't know. I don't know as it makes a great deal of difference in this case.

The Witness: Well, your Honor, *50 per cent of them* (Lock-O-Seals made by defendants for plaintiffs) *that we made extruded*. Some of them didn't. *We couldn't manufacture that close a tolerance.*

The Court: Was any ever turned back to you because it extruded too much? A. Yes. We had them,—10 or 3/16, considerable quantities came back even after we tested them this way and measured them, and we had to change and grind down the dies, down to 66/1000 instead of 70/1000 cross section."

The defendants in bringing out their accused "Duo-Seals" attempted to remedy as many of these difficulties as possible.

(1) As the rubber was vulcanized to the metal washer, the rubber could never be separated and lost.

(2) As the rubber was vulcanized to the metal washer under all conditions of use rubber would protrude the same distance above the washer as below it—the washer could not slide up or down relatively to the rubber or be tilted sideways or cocked over.

(3) As the washer was in the mold at the time the rubber was cured and vulcanized thereto, even if the washer happened to be thick or thin within the manufacturing tolerances, the extent to which the rubber extended above the top of the metal washer and the extent to which the rubber extended below the bottom of the metal washer *was always the same* for a given size. If the metal washer was thick the top and bottom of the mold could not close together quite as close. On the other hand, if the metal washer happened to be thin the top and bottom of the mold could come together closer. In all instances including thick washers, thin washers, and washers of exact size, the distances to which the rubber pro-

jected above and below the metal washer *remained identically the same* [R. 528, 530].

The defendant's seal could, therefore, be made within close tolerances, because variations in the thickness of the metal washer did not affect the amount of rubber that projected above its top and below its bottom surfaces.

(4) Furthermore, if the inside diameter of the metal washer was large, rubber supplied to the mold merely filled the additional space in vulcanizing and bonding itself to the washer. On the other hand, if the inside diameter of the metal washer was small, less rubber was required to effect the bond with the bore of the washer [R. 530].

None of these advantages are obtainable by manufacturing the O-ring as a separate item and assembling it with a metal washer also manufactured as a separate item. When the parts are manufactured separately there is no opportunity of reconciling tolerances of one part with the tolerances of the other.

It cannot be said, therefore, that the defendants in the design and construction of their seal did not independently design their seal. A great deal of thought and design went into the defendants' seal to overcome the disadvantages in the plaintiffs' seal and to make a truly competitive product. About all that is in common between the plaintiffs' seal and the defendants' seal is that in both there is an outer metal ring, an inner rubber ring thicker than the outer metal ring, and that the interior surface of the rubber ring is rounded. Beyond this there is no similarity. These similarities are the same similarities that exist between the plaintiffs' seal

and the prior art. See the patent to Seligman. While the plaintiffs' uncopyrighted data sheet published to the trade may have been copied by the defendants in their data sheet, there is no showing on the part of the plaintiffs that the dimensions in the accused Duo-Seals actually conform to the dimensions therein given. As a matter of fact, because there are no spaces between the rubber ring and the top and bottom inner corners of the metal washer to be filled by deformed rubber, the dimensions of the rubber in the accused seal were necessarily different from those of the plaintiffs' seal embodying the standard O-ring.

Defendants' witness, Grass, testified as follows [R. 521]:

"Q. Weren't you personally the developer of the Duo-Seals? A. Yes.

Q. Well, he (Engineer Aldridge) would get the dimensions from you then, wouldn't he? A. A lot of these dimensions we got from customers. They asked for a certain size, and then we put it on our data sheet. They specified the size of washer, the size of bolt they wanted."

[R. 523]:

"Q. Did you do the computations on the rubber part? A. There was no computation. It was trial and error."

[R. 526]:

"Q. Are washers for Duo-Seals exactly the same size as washers for Lock-O-Seals? A. No, sir."

[R. 530]:

"A. I can't use those dimensions (the Lock-O-Seal dimensions) on Duo-Seals. We don't need the I. D. of the ring, we don't need the thickness of the ring."

Plaintiffs, in their brief, go into a long dissertation at pages 40 to 48 as to the activities of the plaintiffs and the defendants independently and in concert with each other, including a discussion as to who was the originator of a one-piece Lock-O-Seal known as a Stat-O-Seal. This one-piece Lock-O-Seal, as made by the plaintiffs, did not have the rubber bonded to the metal, and consequently, was subject to the same objections of rubber tolerances of the rubber rings, misfitting with respect to the metal rings. The plaintiffs contend that they are the originators of the one-piece seal. However, defendants' witness, Otto Grass, testified at R. 544 and 545 as follows:

"A. I went over to see about if we could produce as many of these Lock-O-Seals as they had orders for. They thought we weren't able to produce them, so I went over to tell them we could make 300 cavity molds instead of 200 on our regular Lock-O-Seal.

At the same time I showed him (Paul Smith, General Manager of plaintiffs, Franklin C. Wolfe Company, Inc.) this one-piece, and his exact words were, 'Why make liars out of us? We are advertising a two-piece superior to a one.'

Q. What was that one-piece you showed him made like? A. Made similar to the one we are making today.

* * * * *

Q. Was it made in the same way you make your present Duo-Seals? A. As near as I remember, as near as is possible to make it the same, yes."

Defendants' witness, Elem, testified [R. 664]:

"Q. Prior to this discussion that resulted in your making that memorandum, had you ever seen a one-piece Lock-O-Seal or similar sealing device? A. Yes.

Q. (By Mr. Miller): What kind of a device was it that you saw? A. Well, it was a rubber bonded to metal device.

Q. Are you familiar with the Duo-Seal that are put on the market today? A. Yes.

Q. How do they compare with the Duo-Seals? A. Well, configuration-wise, similar.

Q. And where did you see that? A. First I saw it at Paul Smith's office.

Q. And who had it? A. Joe Kerley.

Q. Were you a participant of the conversation between Mr. Smith and Joe Kerley? A. I was at the office.

Q. Approximately when did that occur? A. The early part of the year, I judge January, February.

Q. Of 1952? A. Right.

Q. Do you recall any of the conversation that went on between Mr. Kerley and Mr. Paul Smith? A. Mr. Kerley submitted it as a possible solution to the two-piece problem and Mr. Smith said *it was no good, it wouldn't work.*"

The plaintiffs called defendant Paul A. Karres as a witness apparently not under Rule 43(b) [R. 488]. Paul Karres testified as follows [R. 515]:

"Q. (By Mr. Fulwider): Prior to the time you offered the Duo-Seal to the trade, did you ever show a one-piece fastener seal to Mr. Gross? A. Yes, sir.

Q. Did you do that personally? A. Mr. Kerley and myself.

Q. Yes, and when was that? A. That was in the last part of '48. If I may elaborate on that answer and explain it, may I, your Honor?

Mr. Fulwider: Yes. A. This was brought to our attention by Douglas Aircraft. They had a seal-

ing problem. They brought a one-piece seal in—rather, they brought the washer in and told us to vulcanize or mold rubber to this one-piece seal.

Q. That was Douglas? A. That was an engineer of Douglas Aircraft and as I recall his name, it was Mr. Woods. They were having problems. They refused to use them at that time. Why, I don't know.

Q. Was this in 1948? A. In 1948, shortly after I was with the company.

Q. What did you do? A. We immediately made up one and took it down to Mr. Gross and that is the conversation when I first met Mr. Gross, and he said, 'It absolutely will not work,' and to forget about it."

Karres also testified that a one-piece seal was submitted to Mr. Smith, General Manager of plaintiff, The Franklin C. Wolfe Company, Inc. [R. 508]:

"Q. What did you tell him yourself? Did you tell Mr. Smith anything about this one-piece seal? A. All my conversation was very little. I just said, 'Here is a one-piece seal and I think it is much better, for your evaluation,' is the way I put it.

* * * * *

Q. What did Smith say? A. Just shook his head. He says, 'No good.'

Q. Negatively, I take it? A. 'Not worth it.'

Q. He said the seal wasn't worth what? A. Well, his words, if I remember correctly, are to the effect that, 'We have been advertising a two-piece Lock-O-Seal. Why should we call ourselves liars now and advertise a one-piece Lock-O-Seal and sell it?' "

There Was No Misuse of Alleged Trade Secrets.

From the outset of this case, the defendants have diligently sought to ascertain by discovery proceedings the basis for the allegations made in paragraphs 18, 19, 20, and 21 of the complaint appearing at R. 8 to 11, inclusive. This is the basis of finding 19 at R. 42.

During the trial the court asked Paul Smith, the general manager of plaintiff, Franklin C. Wolfe Company, Inc., as follows [R. 638]:

“The Court: You testified here that you were the general manager.

The Witness: Correct.

The Court: Of the Wolfe Company, and you brought this case here claiming there was some trade secrets taken. What were the trade secrets? You are the general manager. You ought to know.

The Witness: I believe he narrowed his question.

The Court: I am asking you.

The Witness: Broadly?

The Court: What trade secrets do you say have been taken by the defendants?

The Witness: Going to the first, I would say that they had knowledge of all our customers.

The Court: I am talking about the seal itself now. In the two seals that are manufactured, one manufactured by the defendants and one manufactured by the plaintiffs, what trade secrets do you say that the defendants in the manufacture of their seal took from the plaintiff?

The Witness: Trade secret? I am afraid I can't answer, because I don't know actually what a trade secret is in the law.

The Court: If you can't answer, that is all that is necessary.

Mr. Fulwider: I think, perhaps, would your Honor assist the witness—

The Court: Just a minute. I asked what the trade secret was. Mr. Miller has been hollering ever since this case was filed about what the trade secrets are. You get the general manager on the stand at the time of trial and he says, 'I don't know what a trade secret is.'

Mr. Fulwider: Knowing the witness as I do, I know that he is being very meticulous in his answer.

The Court: I have put the question here. Mr. Miller didn't put the question. I put the question and it wasn't a trick question either."

The conclusion is that there were no trade secrets of plaintiffs that were appropriated or misused by defendants [finding 20, R. 42] and plaintiffs, even in their brief before this court, are unable to point to any "formula, pattern, device or compilation of information" (Pltf. Br. p. 47) which the defendants are using in the manufacture or sale of the accused "Duo-Seals." Plaintiffs' uncopyrighted data sheet was published and public property and although copied as a data sheet, the dimensions thereof are not found in the defendants' "Duo-Seal" itself because of the difference in its structure and the method of its manufacture.

The lower court was well supported by substantial evidence in finding 20, R. 42: "No trade secrets of plaintiffs have been appropriated or misused by defendants."

There Is No Unfair Competition in Defendants' Use of the Trademark "Duo-Seal."

The plaintiffs finally complain about the defendants' use of the trademark "Duo-Seal." Defendants' witness Grass testifies how this term was decided upon as follows [R. 528]:

“Q. Do I understand, Mr. Grass, you were responsible for the selection of the name, ‘Duo-Seal’?

A. No, I wasn’t. Some of our employees were.

Q. How was it selected? A. I asked a number of people in the plant as to the name, what they would call this one-piece seal, and the majority came up with the name Duo-Seal, so I figured if the majority in the plant would come up with it, it would be a good name for the public.

Q. Did you show them ‘Lock-O-Seal’ or anything like that? A. I showed them the one-piece seal, yes.

Q. Were they familiar with the Wolfe Company name? A. Some of them. Some of them never heard of the Wolfe Company.

Q. Some of them never heard of the Wolfe Company? A. Never heard of them.

Q. As I understand it, you went to each one of them and asked them what they thought out for it and each one of them came up with the name ‘Duo-Seal’? A. Not each one. The majority, I said.

Q. How many was the majority? A. I don’t know off hand; I would say approximately five out of seven, somewhere on that order, but I testified here before in my deposition to that amount. I don’t remember the exact number.

Q. But it is correct that each one of these persons was just shown this piece and he sprung up with the name ‘Duo-Seal’? A. Not each one. The majority.

Q. Five out of seven? A. Yes.”

He is corroborated by Karres [R. 505].

It is obvious that the devices are *seals*. The inclusion of this term in the defendants' trademark is to merely inform the trade and public what kind of devices they really are. Being a generic or descriptive term, anyone, including these defendants, manufacturing and selling a seal is entitled to call them such.

Except for the similarity in the use of the descriptive term "seal" all further resemblance between the marks of the plaintiffs and that of the defendants ceases. Thus "Duo" is not similar to "Lock-O," "Stat-O," "Riv-O," "Termin-O," "Bolt-O," "Valv-O" or "Gask-O."

The cases cited by the plaintiffs are not in point. In *Brooks v. Great A. & P. Tea Co.*, 92 F. 2d 794, relied upon by plaintiffs at page 49 of plaintiffs' brief neither "8" nor "Bells" nor "O'Clock" were descriptive of or generic to the product coffee. In *Stamford v. Thatcher*, 200 Fed. 324, the term "mate"—the only symbol in common between the two names—was certainly not a generic or descriptive term for ship stoves.

Even in *Q-Tips, Inc. v. Johnson & Johnson*, 201 F. 2d 144, which plaintiffs agree is "a full and well reasoned decision" (Pltf. Br. p. 51) the court carefully points out:

" 'Tips,' obviously, is a regular dictionary word. It means 'the pointed or rounded end or extremity of anything.' The wood sticks, which with their cotton ends made 'Q-Tips,' are rounded by the machine-applied cotton at each end. *But this is a fanciful use of the term.* The standard medical and surgical dressing talk for gadgets of this kind would be a 'swab,' which is a 'bit of sponge, cloth, absorbent cotton, or the like, for applying medicaments to a sick person or animal, or for removing tenacious discharges from the mucous membranes * * *'; or

‘applicator,’ which is ‘a device for applying medicine to the nose, throat or other cavity * * *.’ *When Johnson and Johnson called their sticks with cotton wrapped around the end ‘Cotton-Tipped Applicators’ they were using a term as descriptive as that of ‘ten-penny nail.’*”

An influential factor in the *Q-Tips* case was that the defendant had originally marked its product “Cotton-Tipped Applicators.”

“These were sold to hospitals and physicians’ offices. The term was descriptive and non-appealing. They could also be called swabs, but the definition of that term already quoted shows the unesthetic connotation that goes with the use of the term. So the defendant submitted the matter to its advertising agency, a large, experienced and well established concern. The evidence shows a list of dozens of names suggested by various employees, many of which are arbitrary, fanciful and completely unlike anything suggested by the plaintiff’s product. But in the end defendant’s top management came up with the name under discussion, ‘Cotton Tips.’

* * * * *

“It changed the description of what it had formerly called ‘Cotton-Tipped applicators’ in all its trade literature, price lists, and so on, to ‘Cotton Tips’ and embarked on a campaign to persuade its employees that the name of the product was ‘Cotton Tips.’ We do not think it succeeded, and neither did the district court.”

In the body of the opinion the following is stated which we believe to be the proper principle applicable to the facts of this case:

“But as already indicated, the authorities do not always speak in the same tones when applying un-

disputed law to varying states of fact. See, for instance: *Thomas Kerfoot & Co. v. Louis K. Liggett Co.*, 67 F. 2d 214 (C. A. 1, 1933) ('Vapex' for an inhalant not infringed by 'Vapure' because 'Vap-' descriptive and '-ex' is dissimilar from '-ure'); *James Heddon's Sons v. Millsite Steel & Wire Works*, 128 F. 2d 6 (C. A. 6, 1942), cert. den. 317 U. S. 674 ('Head-On Basser' for fish bait not infringed by 'Millsite Bassor' because the similar part, 'basser,' is descriptive); *Pepsi-Cola Co. v. Krause Bottling Co.*, 92 F. 2d 272 (C. A. 4, 1937) ('Pepsi-Cola' not infringed by 'Pep-Ola' because 'Pep' is descriptive and the two are not confusingly similar)."

The fundamental distinction between the present case and the *Q-Tips* case is that "tips" was not the generic or descriptive term of the swabs or applicators sold under that name. In the present case the word "seal" is the generic or descriptive term describing the products of both parties to this litigation. Furthermore, beginning at R. 969, there are a number of registrations both prior to and subsequent to the date of first use claimed by the plaintiffs of their trademarks employing the term "O-Seal." Specifically Chicago Belting Co. has used, registered and republished its trademark "Aero-Seal" [R. 984] as applied to synthetic rubber packing. Electric Steel Foundry of Portland, Oregon, has used and registered the name "Duoseal" for plastic metallic gaskets for valves. The Frick Company at R. 986, has registered the term "Frick Flexo-Seal" as applied to shaft seals. The B. F. Goodrich Company has used and registered [R. 989] the term "Koroseal" as applied to extruded sealing strips, sheet packing, molded gaskets, and resilient artificial sponge sealing strips. The Viscoseal Corporation, at R. 991, has registered the name "Visco-seal" as applied to a mechanical seal for rotating shafts.

In connection with the "Aero-Seal" registration [R. 984] the word "seal" was disclaimed apart from the mark as shown and the same is true of the Frick Flexo-Seal registration [R. 986]. A similar disclaimer should have been required of the word "seal" in all of the plaintiffs' registrations but seems to have only been required and entered in the case of the "Termin-O-Seal" registration [R. 965] and the "Gask-O-Seal" registration [R. 966].

Furthermore, attention is invited to the fact that the registration "Lock O Seal" was not registered on the Principal Register but only on the Supplemental Register [R. 962]. Such being the case, proof of secondary meaning would be required to establish trademark infringement. *Armstrong v. NuEnamel*, 305 U. S. 315, 39 U. S. P. Q. 402.

The plaintiffs take the position that proof of actual confusion is unnecessary and point to a single instance of error in Exhibit 79 [R. 898]. However, the plaintiffs ignore the fact that the majority of the plaintiffs' and defendants' seals are ordered by engineers of aircraft corporations who are meticulous in their designs, and who are meticulous in ordering parts for the airplanes they are manufacturing. As stated on Exhibit 79:

"Test reports and/or certificates of conformity thereof are required on this order in accordance with Specific Condition 8C."

Certainly, when such test reports are required on the specific item ordered there is no reasonable opportunity for confusion.

We believe that the situation here should be analyzed in the same way as a comparable situation was analyzed by the Court of Customs and Patent Appeals in *Miles Laboratories, Inc. v. The Pepsodent Company*, 104 F.

2d 205, 41 U. S. P. Q. 738, 740. In that case the trademarks involved were “Pepso-Seltzer” and “Alka-Seltzer.” The Court said:

“It is clear to us that anyone has the right to use the disclaimed word ‘Seltzer’ in a descriptive way, if descriptive of his merchandise, and appellant may not rely upon the word ‘Seltzer’ in its mark as indicating origin of its goods; and, when used in combination with the word ‘Alka’ the latter would be considered by purchasers as the dominant portion of the mark indicating origin.

“To hold otherwise would result in appellant having practically a monopoly of the word ‘Seltzer’ in a trade mark.” (Emphasis added.)

Likewise here, anyone including these defendants, has the right to use the word “seal” in a descriptive way if descriptive of his merchandise, and this word cannot be relied upon as indicating origin. To hold otherwise would result in the plaintiffs having practically a monopoly of the descriptive word “Seal” which they have apparently attempted to do by registering a group of trademarks, all of which terminate in the same descriptive word. The above case was cited with approval in and similar cases were collected in *Franco-Italian Packing Corp. v. Van Camp Seafood Co., Inc.*, 142 F. 2d 274, 61 U. S. P. Q. 369.

The lower court was correct in its conclusion of law 10 [R. 46].

Practice Re Record on Appeal.

In this case the plaintiffs-appellants filed in this court a designation of record on appeal. This designation designated but a fraction of the testimony and proceedings during the trial and seems to have been designed to in-

clude only that testimony regarded as being favorable to appellants and to omit all testimony unfavorable to appellants or favorable to appellees.

Without going into too much detail, we itemize below some of the testimony appellants proposed omitting from the printed record:

(1) All cross-examination of plaintiffs' witness, Hagmann, the redirect examination and recross-examination now appearing at pages 83 to 93 of the printed record.

(2) All cross-examination of plaintiffs' witness McClay, now appearing at pages 106 to 122 of the printed record.

(3) All cross-examination of plaintiffs' expert Comstock, his redirect examination and recross-examination now appearing at pages 131 to 196 of the printed record.

(4) All cross-examination, redirect examination and recross-examination of defendant Kerley called as a witness by plaintiffs under Rule 43(b) now appearing at pages 373 to 409 of the printed record.

(5) All cross-examination of plaintiffs' witness Gross, his redirect examination and his recross-examination now appearing at pages 410 to 487 of the printed record.

(6) The direct testimony of defendant Karres called as a witness by the plaintiffs—apparently *not* under Rule 43(b) [R. 488] and which now appears at pages 515 to 517 of the printed record.

(7) Some direct testimony and all of the cross-examination of defendant, Otto Grass, called as a

witness by the plaintiffs under Rule 43(b) and now appearing at pages 537 to 559 of the printed record.

(8) All cross-examination of the plaintiffs' witness Wolfe, now appearing at pages 568 to 574 of the printed record.

(9) Some direct testimony and the entire cross-examination of Hagmann now appearing at pages 648 to 653 of the printed record.

(10) The entire testimony including direct examination and cross-examination of defendants' witness Elem, now appearing at pages 663 to 695 of the printed record apparently because plaintiffs' counsel had expressed himself as being of the opinion that he was "not telling the truth" [R. 681].

(11) The direct testimony of defendant Karres called as a defense witness, now appearing at pages 695 to 700 of the printed record.

(12) Most, but not all of the testimony of defendant, Otto Grass, now appearing at pages 706 to 721 of the printed record.

The foregoing does not purport to be a complete list of all testimony plaintiffs-appellants proposed deleting from the printed record but it should serve to illustrate that plaintiffs-appellants proposed presenting before this court a very one-sided record—one most favorable to them.

A casual inspection of the breadth of the statement of points on appeal [R. 820] indicates that plaintiffs-appellants proposed bringing before this court practically every possible issue that the case contained but only on a partial record.

It has been held that the question of whether findings of fact are clearly erroneous cannot be raised and considered on a partial record.

In the Matter of Gogate, 126 F. 2d 1020 (C. A. 3);
Sublette v. Servel, Inc., 124 F. 2d 516 (C. A. 8).

However, one panel of judges of this court has said in *Associated Indemnity Corporation v. Manning*, 107 F. 2d 362:

“Appellees while defending the findings insist that the evidence is not all here, hence the findings are not subject to attack. With respect to the latter proposition it need only be said that appellant complied with Rule 75 of the Rules of Civil Procedure * * *.”

Another panel of judges of this court has said in *Watson v. Button*, 235 F. 2d 235, 23 Fed. Rul. Serv. 75d.2, case 1:

“Appellant’s counterclaim is based ‘in reliance on the fraudulent representations of * * * (appellant) * * * upon which * * * (appellees) * * * had a right to rely.’ However, appellant has had included in the record before this court but one page of the reporter’s transcript of testimony. The burden is on him to show that the trial court’s finding was clearly erroneous. *An appellant must include in the record all of the evidence on which the District Court might have based its findings. When this is not done the judgment of the District Court must be affirmed.*”

Still another panel of judges of this court in *Bullen v. De Bretteville*, 23 Fed. Rul. Serv. 15b.1, case 3, said:

“Appellees’ Brief declares that appellants omitted significant portions of the trial record in designating the record on appeal. The charge is a serious one. But if appellees felt aggrieved, they should

have filed a petition under Rule 75(b) of the Federal Rules of Civil Procedure to have a supplemental record brought before this court. They did not do so. Their failure to follow the prescribed procedure precludes them from questioning the composition of the record. For purposes of this appeal, it must be assumed that the record accurately relates the events that transpired in the court below.”

Confronted with the uncertainty as to what to do under the circumstances created by the apparent conflict between Rule 75 and Rule 17(6) of this court pertaining to the holding of consent, defendants-appellees filed in this court a “Defendants-Appellees and Cross-Appellants Designation of Record on Appeal” pursuant to the provisions of Rule 17(6) of this court. Following this, plaintiffs-appellants filed in this court “Appellants’ Additional Designation of Record on Appeal.”

For the amount of the record designated by the defendants-appellees they were billed by the Clerk for \$1245 estimated expenses of printing that portion of the record designated by them. This was later reduced \$500 on re-estimating. The amount of \$745 has been advanced by defendants-appellees accordingly.

The plaintiffs’ ability to appeal is statutory and is consequently a matter of right, subject to the compliance with certain conditions such as

- (1) Filing a timely notice of appeal;
- (2) Posting an appropriate appeal bond; here only \$250; and
- (3) Filing a statement of points on appeal, etc.

We do not think, however, that it is proper for an appellant who appeals and files a statement of points of the breadth of those filed herein to then designate only

that portion of the record which he regards as favorable to him, making it incumbent upon the appellee to file a designation to include the omitted record *and pay for its printing* or else

“be held to have consented to a hearing on the parts designated.” (Rule 17(6).)

Plaintiffs had a full “day in court” and the impartial trial court has ruled against them. There is a presumption that the trial court’s decision is correct, at least as to the findings made by him. For the privilege of having this court review the case for the benefit of the plaintiffs, plaintiffs should be required to present to this court a proper record and advance the total cost of its printing. It is no answer to say that even though appellees have advanced the costs of printing that portion of the record designated by them, they will be properly taken care of in the final judgment if the decision is affirmed. A judgment may be worthless, depending upon the solvency of the plaintiffs at the time the judgment is rendered and may become unenforceable. We do not think that an appellee should be required to advance and tie up any such sum as was required by these defendants for the privilege of assuring themselves that the case will be fairly heard by this court on all of the pertinent evidence produced before the court below after the lower court has already decided the case in their favor.

In *T. V. T. Corp. v. Basiliko*, 25 Fed. Rul. Serv. 75a.3, case 1, the Court of Appeals for the District of Columbia quoted from *In re Chapman Coal Co.*, 196 F. 2d 779 at 785, as follows:

“All possible presumptions are indulged to sustain the action of the trial court. It is, therefore, elementary that an appellant seeking reversal of an order entered by the trial court must furnish to the

appellate court a sufficient record to positively show the alleged error.”

and thereafter said:

“It is the duty of the appellants to *designate* and file a record sufficient to enable us to pass on the errors of law they claim were committed below.” (Emphasis added.)

A rightful defendant may exhaust himself financially to present his defense in the trial court. A disgruntled plaintiff who designates but a fraction of the record, as was done in this case, can throw the burden on such defendant of advancing the cost of a substantial portion of the printing of the record for the sole privilege of securing a fair review before this court. A clarification of the duties of an appellant with respect to designating the record and of the proper procedure of an appellee, when the appellant fails to do so, is respectfully urged.

Conclusion.

The trial court who saw and heard the witnesses and who observed courtroom demonstrations, has made findings of fact which should not be overturned unless clearly erroneous.

The finding that there was no invention in the structure defined by claim 1 [Finding 16, R. 41] is not clearly erroneous but is well supported by competent evidence. This structure, at best, as defined by the claim, even if the words “doughnut shaped” are given their narrowest interpretation, is nothing more than a colorable departure from the prior art as represented by the Killner patent, the Seligman patent, and the structures disclosed in the Hart patents.

The finding [Finding 14, R. 40] that defendants’ rubber ring is not a “doughnut-shaped” ring is also not clearly

erroneous. Either the term is broad enough to be anticipated by the prior patents above referred to, or it must be restricted to a rubber ring that is truly circular in cross-section and not otherwise. If restricted, the defendants do not use that form and there is consequently good support for conclusion of law 3 [R. 45].

Never—from the beginning of this case—have plaintiffs identified any trade secret that has been appropriated or misused by the defendants although implored to do so. Either there was no secret or if there were, it was not used by the defendants. There is ample support for finding 20 [R. 42].

Defendants' use of the term "Duo-Seal" was not done in an effort to palm off defendants' goods as those of the plaintiffs. It was done in an effort to distinguish defendants' goods from those of the plaintiffs' and at the same time inform the trade and public that defendants' goods were seals. Conclusions of law 8, 9 and 10 [R. 46] are therefore well founded in both fact and law.

We regard this appeal by the plaintiffs not only as frivolous but merely a means of harassing the defendants. We think that that portion of the judgment from which the plaintiffs have appealed should not only be affirmed, but that attorney's fees should be awarded the defendants, taking into consideration particularly the manner in which plaintiffs proposed presenting their appeal on only a partial record.

Respectfully submitted,

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No. 15884

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

ROHR AIRCRAFT CORPORATION and THE FRANKLIN C.
WOLFE COMPANY, INC.,

Appellants,

vs.

RUBBER TECK, INC., RUBBER TECK SALES AND SERVICE CO.,
PAUL A. KARRES, OTTO R. GRASS and JOE P. KERLEY,

Appellees.

RUBBER TECK, INC., RUBBER TECK SALES AND SERVICE CO.,
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WOLFE COMPANY, INC.,

Appellees.

Reply Brief of Rohr Aircraft Corporation and the
Franklin C. Wolfe Company, Inc., Appellants.

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No. 15884

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

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WOLFE COMPANY, INC.,

Appellants,

vs.

RUBBER TECK, INC., RUBBER TECK SALES AND SERVICE CO.,
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Defendants' brief raises a few new points not covered in Plaintiffs' Opening Brief which will be considered herein.

Patent Issues.

Defendants' premise is that any mechanic could have thought of rounding the corners off of the Killner device, and that Defendants are therefore being deprived of a "fair use" of the Killner disclosure. At the same time it is admitted that Defendants may have copied each and every dimension on Plaintiffs' data sheet for 26 different

sizes of Plaintiffs' devices (Deft. Br. p. 38). Not only may have, *but did*, we might add, as the positive evidence shows.

When Defendants decided to go into direct competition with their employers they did so with a design and a trade name which were slightly different from those of the Plaintiffs, yet close enough to reap all of the advantages of Plaintiffs' device and Plaintiffs' good will. As said by Judge Learned Hand in speaking of such differences, "Minor differences are supposed to help over hard places."

There is no evidence to show that the Defendants had even heard of the Killner patent until after they had commenced making the accused device. On the other hand, Defendants had directly known for years of the Plaintiffs' patent, the success of the patented device, and all of its dimensions. We submit that this "fair use" proposition of which the Defendants speak should be fully considered in the determination of this case, particularly with respect to whose invention the Defendants are using, Plaintiffs' or Killner's.

Cases are cited by Defendants to show that even a "dumb" mechanic might think of rounding off corners on an object. As applied to the present case however, these decisions, based on facts entirely different than the present facts, are not in point.

The proposition before this court is not that of rounding off the edges of a tray to give *protection against* injury of workmen as in the case of *Oxford Varnish Corporation v. General Motors Corporation*, 23 Fed. Supp. 562, 38 U. S. P. Q. 42. Neither is it the proposition of rounding off the corners of a box to *make it look better* as in the design patent case of *Acton Manufacturing Co., Inc. v. Louisville Tin & Stove Co.*, 116 Fed. Supp. 796, 99 U. S. P. Q.

410. The present invention is not concerned with rounding anything off, but rather is concerned with the problem of sealing around the shank of a fastener. The obvious approach to this problem was to use a rectangular sealing member, as was done by Killner in 1941 [R. 956] or by Hart in 1867 [R. 927]. It was *not* obvious to the many skilled workers who preceded Gross and Cornwall that a sealing device having the relative geometry of the patented device would perform in a new and advantageous manner *to achieve a better fastener seal*.

If one were to follow the teachings of the prior art patents (as the defendants certainly did not do) he could search through every word in every patent without finding the slightest suggestion that a superior seal could be achieved by providing a sealing ring of substantially round configuration to fit snugly on the shank of the bolt in combination with an outer retaining washer centered on the bolt by the ring. Defendants extended speculations as to whether or not the Killner seal *might* be self-centering and otherwise satisfactory most certainly do not supply this deficiency of the art.

The fact is that no one did appreciate the significance of the present invention until the Plaintiffs put it to use. This is the real test to determine what can be gleaned from the prior art. As was said by the Supreme Court in *C. & A. Potts & Co. v. Frank F. Creager, et al.*, 155 U. S. 597, 39 L. Ed. 275:

“* * * The apparent simplicity of a new device often leads an inexperienced person to think that it would have occurred to anyone familiar with the subject; but the decisive answer is that with dozens and perhaps hundreds of others laboring in the same field, it has never occurred to anyone before. The prac-

ticed eye of an ordinary mechanic may be safely trusted to see what ought to be apparent to everyone.”

Defendants in their brief at page 16 speak of demonstrations involving a Killner type of sealing device. These demonstrations are purported to show by “concrete evidence” that the Killner sealing device works just like the accused device and the patented device. We should like to point out that the evidentiary value of these demonstrations to prove anything, is negligible since there was no foundation at all for their reliability. Otto Grass conducting these alleged demonstrations testified as follows [R. 710]:

“Mr. Fulwider: What I want to know is what his testimony is. Either it has extruded or it has not extruded. A. That I don’t know, unless I have a magnifying glass to see.

[R. 712]:

Mr. Fulwider: May I inquire if that cross-section before it is compressed is truly square? I think it was once called square and once rectangular. Is it a square?

Mr. Miller: I will ask the witness.

The Witness: I wouldn’t know whether it was square any more than I would know that the O ring was round in the Lock-O-Seal.

[R. 718]:

Q. (By Mr. Lee): Referring to Exhibit AI, Mr. Grass, this is a ring with a rectangular section?
A. Yes it is.

Q. Referring to that Exhibit AI, Mr. Grass, did you ever test it to find out if it would seal under pressure? A. I did not.

Q. Is the device AI as good as the Duo-Seal? A. I haven’t made any comparison test.”

If the Defendants had really wished to put on any tests involving the Killner sealing device there were perfectly good procedures available to them to properly conduct such tests. In view of the clearcut statements of the owners of the Killner patent quoted in Plaintiffs' Opening Brief as to the deficiencies of the Killner device, we believe it will be clear to this court why the Defendants did not wish to make any proper demonstrations.

Defendants state baldly that the Seligman patent [R. 945] is an anticipation and then proceed in a lengthy discourse to explain how they arrive at this point of view. We would again direct the court's attention to Figure 1 of the Seligman patent drawings in order to obtain a good idea of what the device really looks like. If anything further need be said, it should be noted that this resilient spacer has upper and lower tabs with obvious bolt holes therein to receive securing fasteners. Thus the device *is fixed in position and held against rotation by external means*. The problem of obtaining uniform sealing around the periphery of a small bolt by a self-contained sealing device which *can rotate and take an eccentric position* is the problem which Killner failed to solve, and the patented device does solve. This problem is not even presented with the Seligman type of device, and it would be impossible for the spacers of Seligman to adjust their positions relative to the sections of the built-up heat exchanger.

At page 36 of their brief Defendants discuss at length the many advantages that the accused device supposedly has over the Lock-O-Seal. Then it is stated at page 39 that Plaintiffs' one-piece Lock-O-Seal has the same objections which were overcome in the accused device.

We would remind the Defendants of their own testimony [R. 719]:

“Q. (By Mr. Lee): Have you ever examined the one-piece Lock-O-Seal or Stat-O-Seal, Mr. Grass?

A. I have looked at it, yes.

Q. I show you Exhibit No. 82, Mr. Grass. Is that the kind of a Stat-O-Seal or one-piece Lock-O-Seal that you examined? A. That is a Stat-O-Seal similar to the one I have seen before.

Q. I believe you said there were certain advantages in the Duo-Seal over the two-piece Lock-O-Seal, is that correct? A. That is correct.

Q. Would those same advantages be found in this Stat-O-Seal? A. Yes, I imagine the same; providing their mold is made so that it will allow for the different thicknesses of the washer, it would be the same.”

Also of the prior testimony of Smith, the Wolfe Co. General Manager [R. 616]:

“Q. Do you recall whether you discussed with Mr. Kerley and Grass at the conference any drawings or showed them any drawings concerning the Lock-O-Seals, the one-piece Lock-O-Seals and the molds or the molds that could be used with those one-piece seals? A. Yes, we went through several sizes of the drawings of the metal insert and the finished product and the various methods of making the molds so that they would compensate for the thickness variation of the retainers; although they had seen the product, they didn't know what the exact dimensions and tolerances were and what production difficulties they might encounter.”

Lastly we would like to point out that no matter how hard the Defendants try to confuse the issue, the undis-

puted evidence is that Plaintiffs were marketing the one-piece Lock-O-Seals well over a year before the Defendants started (see the evidence discussed at pp. 44 and 45 of Pltf. Op. Br.).

The Development of the One-Piece Seal.

As we pointed out in the Opening Brief the trial court apparently never resolved the conflict of evidence concerning the development of the one-piece seal. Defendants take the position that this conflict was resolved and various testimony is quoted in their brief, all to the end that they had disclosed such a device to Smith the general manager of the Plaintiff Wolfe. We would like to point out briefly certain positively incredible aspects of this testimony.

Elam testified that the disclosure took place in Smith's office and that he, Kerley and Smith were the parties present [R. 664]. Grass testified that the disclosure took place at a conversation between himself and Smith alone [R. 944]. Karres testified that the disclosure took place at the Rubber Teck plant and that Karres, Smith and Grass were the parties present [R. 507]. We submit that oral testimony of this character is highly unreliable particularly when the Defendants do not bring forth any drawings, work records, samples, memoranda, or any scrap of documentary evidence to show that they ever made a one-piece seal prior to November of 1953.

On the other hand, the testimony of Smith concerning the development of the one-piece seal in 1952 [R. 589-598], is fully supported by the drawings Exhibits 60, 61, 62, 64, 65, 66, 67, and 68 [R. 883-891] and the sales records Exhibits 101, 102, 103, 104 and 105 [R. 903-912].

Record on Appeal.

We do not propose to waste the time of this court on this point. However, Defendants in their brief devote a lengthy section (pp. 49-55) to this topic and it requires a short answer.

It would appear to be the intention of Defendants to convey to this court the impression that Defendants paid for printing those portions of the record itemized at pages 50 and 51 of their brief. This is simply not true. By a letter to the Clerk of this court of March 28, 1958, he was directed to bill Plaintiffs-Appellants for the costs of printing most of the testimony which is detailed in Defendants' brief. A copy of this letter was sent to Defendants' counsel. Subsequently Plaintiffs' counsel received an upwardly revised estimate which Plaintiffs paid.

Conclusion.

Defendants seek throughout their brief to create equities for themselves which do not exist. This is a case of deliberate willful infringement of a meritorious patent, accompanied by a course of conduct resulting in unjust enrichment of Defendants, and constituting unfair competition with Plaintiffs. We believe nothing more need be said.

Respectfully submitted,

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Jurisdictional Statement.

This Appeal is from a Final Judgment of the United States District Court for the Southern District of California, Central Division, dismissing Plaintiffs-Appellants' Complaint for Patent Infringement and Unfair Competition. The Defendants' counterclaim was also dismissed and Defendants have cross-appealed. The District Court had jurisdiction of the patent infringement count under 28 U. S. C. 1338(a), and of the unfair competition count under 28 U. S. C. 1338(b), and also 15 U. S. C. 1121 and 1126(h) and (i). The judgment being final, this Court has jurisdiction under 28 U. S. C. 1291.

The Complaint appears at pages 3-11 of the Record, and the Answer at pages 12-29. For clarity, the Plaintiffs-Appellants will herein be referred to by name or as Plaintiffs, and the Defendants-Cross-Appellants by their names or as Defendants.

Statement of the Case.

The patent in suit, No. 2,396,005, was issued March 5, 1946 to Plaintiff Rohr Aircraft Corporation on an application of Bernard Gross and Leo W. Cornwall filed October 2, 1944. The patent entitled Sealing Device is Exhibit 23 in the book of Exhibits [R. 855].

The invention of the subject patent relates to a device for sealing around the shank and under the head of a bolt or similar fastener. It is utilized when the fastener extends through the wall of a tank or the like to prevent fluid leakage. Particular application has been made in the aircraft industry for sealing fuel tanks and fluid-tight compartments of airplanes [R. 243].

The Disclosure of the Patent.

As is best seen in Figures 2 and 3 of the patent drawings (reproduced opposite), the preferred form of the patented sealing device comprises a rubber sealing ring 20 of round cross section surrounded by an outer metal retainer or washer 21 that is thinner than ring 20. This assembly of ring 20 and washer 21 fits around the shank and under the head of a bolt 10. When the bolt 10 is tightened in place by nut 22, the head of the bolt seats against washer 21 to secure a door plate 9, and tank wall 15 together. At the same time, sealing ring 20 is deformed from its initial round shape and conforms to the rectangular cross-sectional shape of the annular cavity defined by the shank of bolt 10, washer 21, the surface of door 9, and the head of the bolt.

Fig. 2.

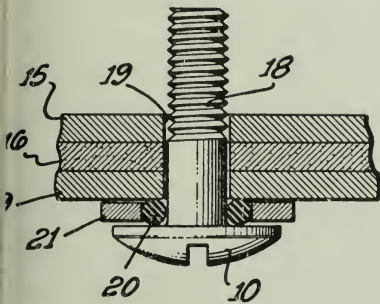
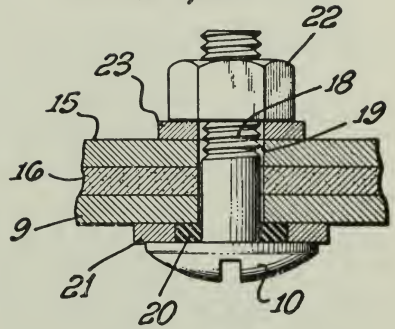


Fig. 3.



As pointed out in the specification of the patent the sealing ring 20 is doughnut shaped and so designed that it closely engages with the shank of the bolt and fits closely within the washer 21, at the same time being thicker than the washer so as to extend above and below it. Because of their substantially circular cross sectional shape, rubber rings such as the ring 20 are referred to in the trade as "O-rings." Both Plaintiffs and Defendants have used this nomenclature.

Due to the relative geometry of its parts, Plaintiffs' sealing device upon installation is centered on the bolt by the close inside and outside fits of the ring 20 and provides a channel of uniform width around the bolt. During tightening, the upper and lower protruding portions of the ring are gradually flattened and deformed within the channel without extrusion, this deformation being stopped by the engagement of the bolt head on the washer 21. The ring then conforms to the cross sectional shape of the channel where it remains confined by the washer. Since the ring resiliently resists deformation, it seeks to resume its original shape and exerts force against the surrounding surfaces thus creating a sealing pressure which prevents fluid leakage.

The Claim in Suit.

The patent contains 2 claims, of which only Claim 1 is in issue. Claim 1 reads as follows [R. 858]:

1. Means for sealing the walls of a tank secured between the head and shank of a fastener, comprising, in combination,

a washer (21) of rigid material having a central bore, surrounding the shank of the fastener and adapted to make rigid contact with the head of the fastener and a tank wall,

and a rubber-like doughnut shaped ring (20) positioned within the bore of the washer, said ring having a diameter greater than the thickness of said washer and being confined in said washer with opposite sides thereof normally protruding from the opposite faces of the washer, whereby upon the underside of the head of the fastener compressing the rubber-like ring against a portion of one contiguous wall of the tank being fastened together, said ring is deformed into sealing contact with the bore of the washer, the shank, the head of the fastener, and said contiguous portion of said wall.

The Relationship of the Parties.

In 1943 the Plaintiff Rohr Aircraft Corporation (hereinafter called Rohr) was given the task of constructing integral fuel tanks in the PB2Y3 aircraft [Finding No. 5; R. 38]. This task necessitated the development of a satisfactory fastener seal [Finding No. 6; R. 38]. Rohr, acting through Gross and Cornwall solved the problem by making the sealing device of the patent in suit.

During the balance of World War II, Rohr manufactured and installed thousands of said sealing devices on

PB2Y3 airplanes for the armed services [R. 243]. This made possible the removal of 1200 lbs. of weight and enabled these planes for the first time to fly from the West Coast to Hawaii with a useful load [R. 213].

After World War II, Rohr licensed Plaintiff Franklin C. Wolfe Company, Inc. (hereinafter called Wolfe) to manufacture and sell the patented sealing devices. They were sold under the trademark LOCK O SEAL and gained widespread acceptance in the aircraft industry [R. 68]. Between 1948 and 1957 over sixty million LOCK O SEAL were sold [R. 72]. Samples of LOCK O SEAL are physical Exhibits 81 and 87 and are identical with the devices shown in Figure 2 of the patent drawings.

Plaintiff Wolfe employed the Defendant, Rubber Teck, Inc., and its predecessors to manufacture LOCK O SEALS for Wolfe. The individual Defendants named herein were the managing directors and officers of the Defendant, Rubber Teck, Inc. By Contract the sealing devices were manufactured to conform strictly to the specifications established by Rohr, Exhibit 17 [R. 748], Exhibit 91 [R. 763].

In 1951 Plaintiff Wolfe developed a one piece version of the patented device which was first sold in June 1952 under the designation ONE PIECE LOCK O SEAL [R. 852, 900], and subsequently under the trademark STAT O SEAL [R. 853]. Samples of these devices are physical Exhibits 82 and 107. Wolfe also developed and marketed other related sealing devices under the trademarks TERMIN O SEAL, RIV O SEAL, GASK O SEAL, BOLT O SEAL, AND VALV O SEAL. These were referred to in Wolfe's advertising as the LOCK O SEAL family [physical Exs. 15 and 109].

Close working cooperation existed between both of the Plaintiffs and Defendants during the time the Defen-

dant Rubber Teck, Inc., manufactured parts for the Plaintiff Wolfe [R. 283]. Rohr established the dimensions and tolerances for the product LOCK O SEAL [R. 827]. During the years, both Rohr and Wolfe did extensive testing on materials and the finished products, revised standards and developed new manufacturing techniques [R. 234], and the results of this work were made known to the Defendants [R. 289]. In connection with this work there were frequent meetings between representatives of Rohr, Wolfe, and the individual Defendants [R. 256, 292]. This close working relationship continued until the early part of 1954 when Defendant Rubber Teck, Inc., ceased making the sealing rings of LOCK O SEALS for Plaintiff Wolfe [R. 319].

In the Fall of 1953 while continuing to manufacture parts for Plaintiff Wolfe, the Defendant Rubber Teck, Inc., introduced on the market the accused DUO SEAL device [R. 744]. The dimensions and tolerances for said DUO SEAL device as published in Exhibit 77 [R. 893] are identical with the dimensions of Plaintiffs' LOCK O SEAL device for twenty-six (26) different sizes [R. 827]. The customers for said DUO SEAL device are the same customers as for Plaintiffs' LOCK O SEAL devices [R. 898, 899]. Defendants had over a period of time made drop shipments for Plaintiffs to these customers [R. 491].

The Accused Device.

The Defendants manufacture and sell the DUO SEAL device as shown in Exhibit 9 [R. 850], and Exhibit 77 [R. 892]. Samples of the device are physical Exhibits 8, AB, and AC. It is also shown in the Defendants' enlarged drawing Exhibit Y [R. 996]. In Exhibits 9 and 77 the Defendants state that "The DUO SEAL is a one-piece

washer and O-ring combination, with the O-ring permanently bonded to the washer.”

As seen in the above-mentioned exhibits the accused device comprises a rubber sealing ring surrounded by an outer metal washer that is thinner than the ring. The ring is circular on the top, bottom and inner sides and is attached on its outer side to the washer. As shown in the right hand figure of Exhibits 9 and 77 the accused device is so designed as to closely engage the shank of the bolt which it is to seal. When the bolt is tightened, the head of the bolt seats against the washer and the sealing ring is deformed from its initial shape and conforms to the rectangular cross sectional shape of the annular cavity between the bolt and washer.

The Defendant Otto Grass, the designer of the accused device testified [R. 532] that the accused device achieved the same purpose as the patented device and that he knew of no differences in the way they worked.

The trial court found in Finding No. 14 [R. 40] that the rubber sealing ring used by the Defendants is not a doughnut shaped ring and therefore there was no infringement.

The Prior Art.

No evidence whatsoever was introduced by Defendants showing the existence or use of any prior fastener seals, except the uncorroborated oral testimony of the Defendant Kerley as to an alleged use by someone, but he could not say by whom, where, or when [R. 347].

The Defendants put in evidence some thirty patents [R. 657, 659]. Two of these were introduced over the objection that they were not prior art as to the patent in

suit [R. 657]. Of the total, eleven had been cited by the Patent Office [File wrapper, physical Ex. C].

As Finding No. 17 [R. 41] states, the Defendants relied upon four of the above mentioned patents which are enumerated in said Finding. There is no finding as to which patents the Court relied on in finding want of invention in the patent in suit. Since the patents to Dowty and Johanson were admitted over objection, and the findings are not clear as to what patents the Court relied upon in reaching its decision, error has been noted as to the admission in evidence of these two patents.

Of the four patents relied upon by Defendants two, the Hart patents Nos. 67,539 and 128,391 relate to lock nuts and lock washers [R. 927, 929], the sole purpose of these devices being to keep a nut from turning off the threads of a bolt. The third patent to Seligman No. 2,191,044 is entitled Liquid Treating Apparatus of the Built-Up Type [R. 945]. It discloses a spacing member intended to separate sections of a heat exchanger. The fourth patent to Killner, British No. 537,654 [R. 956] relates to a sealing device which may be used on fasteners. This patent discloses a device having an outer retainer and an inner ring of rectangular cross section which is designed to fit loosely around the shank of a fitting so that it is deformed inwardly upon tightening of the fitting. None of the patents introduced by Defendants shows any use of an O-ring.

The Action.

In 1955 Plaintiffs Rohr and Wolfe jointly brought this action for patent infringement and unfair competition by reason of the Defendants' manufacture and sale of the accused DUO SEAL device. The Trial Court held the patent

claim in suit invalid and not infringed. The Trial Court also held that there had been no acts of unfair competition relating either to Defendants' use of proprietary information developed by the Plaintiffs nor by the use of the trade name DUO SEAL. Defendants had counterclaimed for false marking and the Trial Court dismissed said counterclaim as being without merit. All parties have appealed from the decision of the Court.

Questions Presented.

1. Should a patent on a new combination of old elements be struck down for lack of invention when the evidence is that: the combination produces new results; the closest prior art does not produce these results; the new combination is tremendously successful; and there is no prior successful solution of the problem solved?
2. Should a patent claim on a new combination of old elements be strictly limited to the exact illustrative embodiment of the invention disclosed in the patent, and thus permit avoidance of the patent by a device which has all the elements called for by the claim, and functions in the same manner to produce the same result as the patented device?
3. Is it not unfair competition for a subcontractor manufacturing a patented device to the specifications of the patent owners and intimately familiar over a period of years with all of the development, testing, and manufacturing work on the product, to market a competitive product made to the exact dimensions of the patented device, under a trade name obviously selected to fit within the Plaintiffs' family of trademarks, for sale to Plaintiffs' established customers?

Specification of Errors.

1. The Court erred in holding that Claim 1 of the patent in suit, No. 2,396,005 was not infringed by the Defendants. Finding No. 14.

2. The Court erred in holding that Claim 1 of the patent in suit is invalid. Findings Nos. 14 and 16.

3. The Court erred in holding that the Defendants have not competed unfairly with the Plaintiffs. Finding No. 20.

4. The Court erred in dismissing Plaintiffs' complaint and awarding costs to the Defendants.

5. The Court erred in finding that terms used in the patent in suit must be construed strictly against the Plaintiffs. Finding No. 13.

6. The Court erred in finding that the patent in suit is invalid for lack of invention in determining the amount of rubber to be used in the sealing ring. Findings Nos. 15 and 16.

7. The Court erred in finding that the patent in suit is invalid for lack of invention or anticipation by the patents placed in evidence by the Defendants and in not specifying how said patents were applied. Finding No. 17.

8. The Court erred in admitting into evidence the patent to Dowty, No. 2,455,982 and the patent to Johanson, No. 2,462,023 [R. 657, 658].

9. The Court erred in finding that the Defendants did not misuse or appropriate any trade secret or proprietary information of the Plaintiffs. Finding No. 20.

10. The Court erred in holding that a single instance of confusion may not establish confusion as a matter of

trademark law, and that the Defendants' use of a trademark similar to those of the Plaintiffs does not raise the possibility of confusion of the public. Findings Nos. 23 and 24.

Summary of Argument.

I.

The Trial Court's Decision of Invalidity Is Based on a Misconception of the Claimed Invention, and Upon Findings Which Are Clearly Erroneous.

Finding No. 13 [R. 40] states that washers and O-rings were old *per se*. This is conceded, but there is no evidence that O-rings were ever used in the combination claimed here. Finding No. 14 [R. 40] states that it makes no difference what shape the sealing ring in Plaintiffs' combination takes since it will be deformed anyway. This is directly contrary to the evidence. Based upon these findings one immaterial and the other erroneous, Finding No. 16 [R. 41] concludes that "There is no invention in the structure defined by Claim 1."

These findings lose sight of the fact that Plaintiffs' invention is a combination of a particular sealing ring and a particular washer which because of the interrelationship, relative geometry and size produces new and advantageous results. They also disregard the evidence as exemplified by the testimony of Gross [R. 229] that the shape of Plaintiffs' combination sealing ring and washer provides, self centering, deformation without extrusion, confined sealing pressure, and other important advantages.

Finding No. 15 [R. 41] also does not support the Court, but does show a fundamental misconception of the invention. Plaintiffs never contended that computing the amount of rubber was the invention [R. 182]. Thus, in sum and

substance, it is seen that the Court made no findings which lend any real support to the holding of invalidity of the claim in suit.

II.

The Combination of Old Elements Claimed Here Produces More Than the Sum of the Respective Functions of Its Elements and Meets the Very Test Set Forth by the Supreme Court.

The trial court held in its decision [R. 35] that the claim in suit lacks the definition of invention as pronounced by the Supreme Court. In the recent case of *Great Atlantic and Pacific Tea Company v. Supermarket Equipment Corp.*, 340 U. S. 147, 87 U. S. P. Q. 303, the Supreme Court said that unions of old elements did not amount to invention unless the elements had a change in their function by reason of the union.

The invention here fully meets this test for the washer and sealing ring together produce new and advantageous results in addition to serving their old functions. These results include self centering of the assembly on the bolt to get the proper void space on each side of the bolt, and controlling and limiting the deformation of the ring to prevent extrusion and corner pinching. Taken alone neither of the elements can produce these results, and the whole clearly exceeds the sum of its parts.

III.

The Prior Art Patents Relied Upon by the Defendants Are Different Both in Structure and Function From the Patented Invention and Are No More Pertinent Than the Ones Cited by the Examiner.

Finding No. 17 [R. 41] identifies the four prior art patents upon which the Defendants rely. Only one of these the patent to Killner [R. 956] is a fastener seal. The

others include two lock washers [R. 927, 929] and one spacer for a heat exchanger [R. 945].

The Killner patent discloses a seal having an outer rigid retainer and an inner ring of rectangular cross section which fits loosely around the shank of the fastener or fitting. This device is not self centering and the deformation of the ring is not controlled so as to prevent extrusion.

According to the statement of the Killner patent owners [found in the specification of the Dowty patent, R. 923] it happens "not infrequently" that the Killner device fails to seal because of nipping or extrusion of the sealing ring. This defect in the Killner device is caused by the shape and size of the sealing ring and retainer, the very point at which they differ from the structure of the patent in suit.

The other patents relied upon were not intended to serve as fastener seals and could not so function. Thus the prior art shows on its face that the changes made by the inventors of the patent in suit produced new and advantageous results.

IV.

The Accused Device Infringes Since It Has the Same Elements Doing the Same Thing in the Same Way as the Patented Device.

In Finding No. 14 [R. 40] the Court found that the rubber ring used by Defendants is not a doughnut shaped ring and hence there was no infringement.

The Defendants' own testimony [R. 532] is that there is no difference between the accused device and the patented device in the way they work. It is also clear from an inspection of the accused device [physical Ex. 8] and the Defendants' drawings of it Exhibit Y [R. 996], that the ring therein is circular on its top, bottom, and inner side.

Applying the rule of the leading case of *Winans v. Denmead*, 15 How. 330 to this situation, it is clear that the accused device does infringe for it has the same elements attaining the same result, by the same mode of operation, as the patented device.

V.

The Last Step Which Turns Failure Into Success Is Invention, for It Is the Essence of the Contribution, Which the Patent Laws Are Designed to Reward.

This case presents a classical example of the kind of an invention which solves a long existing problem. The steps which the invention took could have been taken by any of the other workers in the tank art, but they were not. The invention has been used successfully in millions of installations [R. 68] and is still being used today 13 years after its inception.

The invention is supported not only by the test set forth in Title 35 U. S. C., Section 103, but by the law stated by this Court in *Pointer v. Six Wheel Corporation*, 177 F. 2d 153. The new function resulting from the combination of elements here did not appear obvious to other workers skilled in the art. This is invention.

VI.

The Defendants Did Not Independently Design the DUO SEAL Device but Instead Worked From the Established Specifications of the Plaintiffs. They Used the Proprietary Information of Plaintiffs Which They Had Learned Not as Strangers but as Subcontractors Working Under Implied Trust and Confidence.

The Defendants acted for many years as subcontractors for the Plaintiffs in manufacturing the patented invention. When they came on the market with the accused device they followed the dimensions of the patented device exactly

for every one of the dimensions of twenty-six different sizes [see Ex. 1, R. 827; Ex. 77, 893].

During the years the Plaintiffs had done extensive development, testing and engineering on the patented devices, and the results of this work were transmitted to the Defendants.

Having accepted the benefits of manufacturing for the Plaintiffs, the Defendants came under a duty not to use information imparted to them so as to injure the Plaintiffs in their business. The breach of this duty was unfair competition.

VII.

The Defendants' Choice of a Trademark.

The Plaintiffs had adopted a related family of trademarks for their products long prior to the Defendants' entrance into the field. The trademarks are LOCK O SEAL, STAT O SEAL, RIV O SEAL, TERMIN O SEAL, BOLT O SEAL, VALV O SEAL and GASK O SEAL [R. 962-968].

Defendants when they selected a trademark allegedly conducted a "survey" and decided upon DUO SEAL [R. 505]. Since the Defendants' product is sold to the same customers as Plaintiffs' patented LOCK O SEALS and STAT O SEALS, for identical usage, it is obvious that the only way they can be kept straight is by their names. Under these circumstances it is submitted that Defendants' trademark is "likely" to cause confusion in the trade (15 U. S. C. 1114).

ARGUMENT.

I.

The Trial Court's Decision of Invalidity Is Based on a Misconception of the Claimed Invention, and Upon Findings Which Are Clearly Erroneous.

A careful study of the findings and opinion below shows that the trial court was laboring under a misconception of the essential facts and was therefore led into error in its decision.

Finding No. 13 [R. 40] states that washers and O-rings were old *per se*. This is conceded. It is not conceded however, and there is not a shred of evidence in the case to show, that O-rings were ever used to seal fasteners or were used in a sealing operation similar to the one involved in this case. Finding No. 14 states that it makes no difference what shape the sealing ring in Plaintiffs' combination takes, since all rubber rings will be deformed irrespective of shape. This is directly contrary to the evidence. Based upon these findings, one immaterial and the other erroneous, Finding No. 16 [R. 41] then concludes that "There is no invention in the structure defined by Claim 1."

This line of reasoning completely loses sight of the fact that Plaintiffs' invention is a combination of a particular kind of rubber ring, *i.e.*, doughnut shaped or substantially circular in cross section, mounted in a metal washer of particular shape *i.e.*, of lesser thickness than the ring and that the assembly is mounted on a fastener shank in close engagement therewith. It further ignores the fact that by this arrangement and due to the relative geometry and interrelationship of its parts, Plaintiffs' sealing device is self centering on the bolt and provides a

channel of uniform width around the bolt into which the upper and lower protruding portions of the ring are gradually flattened and deformed without extrusion, this deformation being stopped by the engagement of the bolt head on the washer 21.

That this combination is new and provides more than would be expected is clear from the testimony of Bernard Gross, a highly qualified expert and for 15 years Director of Research for Rohr. Commencing at R. 229 we find the following:

“Now, when the LOCK O SEAL is installed, we actually have an upset of rubber in all directions, and it is important to remember that there are fundamentally four sides involved, and that when the torque is applied to the fastener, the geometry changes, so that starting with what amounts to a point of contact, we increase that contact until we have all four sides practically mated with rubber.

When this happens, we have pressure. We have resilient pressure, or we have rubber pressure, rubber pressure on all four sides, and we therefore can depend on the memory of the rubber to continue to seal the fastener.

In addition, when this bolt is tightened onto the retainer ring, we have a metal-to-metal contact. There are several things that are involved at this point.

One is that the volume, the geometrical change of the rubber, has been made in such a manner that we are restricting pressure over the elastic properties or some of the elastic properties of the rubber. * * * so that this confined area actually controls the pressure on the rubber, and it remains in its—it can be made to return to its initial geometry.

In addition, when this geometry takes place, it does so in such a manner that the corners are the last ones to fill up. In that manner we prevent any possibility of pinching of the rubber in the various faying surfaces. * * *

Q. Did you discuss the matter of self-centering?

A. No. In the installation requirements, the self-centering of a seal is important so that when we put the seal on to the shank, it is desirable to have this point on top the shank. If that were not so and we had a space between the rubber seal and the shank, we would have a chance for leakage under some conditions on one side, and we wouldn't have the proper geometry flow as another thing. The centering is very important, and the Lock-O-Seal does self-center when you install it.

The Court: In your opinion, a round rubber seal is the only one that works satisfactorily?

The Witness: If it is substantially round.

The Court: Substantially round?

The Witness: Yes.

The Court: You don't think a rectangular seal would be satisfactory, providing it extended to the top and bottom there, but didn't touch the sides? You don't think it could be compressed into proper form?

The Witness: That is correct. It would not be satisfactory for several reasons. One is that we would start off with a rectangular geometry, which either had to be exactly the same volume as we have in the void after installation, in which there would be no rubber pressure on the four sides, so to speak, because we don't have a geometry change, or if you had it in excess, you would have the rubber flowing out into the—

The Court: Suppose there was an excess up and down and then you put on the pressure.

The Witness: You mean that way (indicating)?

The Court: Up and down so that part of it hit the top on both sides.

The Witness: This rubber would not have the distribution of pressure that you have with his geometry. Furthermore, this corner would always be pinched in there, and you couldn't hold a torque on the fastener head.

The Court: Then it is your opinion that the only satisfactory O-ring would be a round O-ring, circular, substantially circular?

The Witness: Substantially circular, yes."

In view of the above testimony it is clear that Finding No. 14 as to the function and relationship of Plaintiffs' sealing ring and Finding No. 16 as to lack of invention in Plaintiffs' combination are clearly erroneous.

In Finding No. 15 [R. 41] the trial court found that the amount of rubber to be used in the patented sealing ring could be determined either mathematically or by trial and error. This is freely admitted. Then in Finding No. 16 [R. 41] the Court stated that there is "no invention" in determining the amount of rubber to be used in the sealing ring.

These findings in no way support the judgment since Plaintiffs never contended that computing the amount of rubber was the invention. This is clearly brought out by the following testimony of Plaintiffs' witness, Robert Comstock [R. 181-182]:

"The Court: It's very important, isn't it, to have the rubber washer of the right size as well as shape?

The Witness: That's right.

The Court: You say it is necessary to have a round shape, but it is very important to have a necessary quantity of rubber.

The Witness: That is correct, your Honor.

The Court: That is, if you have too much it extrudes, and if you don't have enough, it doesn't fill up the cavity.

The Witness: That's right.

The Court: To determine the exact amount of rubber necessary in the washer, is that invention?

The Witness: Yes, your Honor, because this type of relationship had never been used before.

The Court: I am not talking about the relationship at all. I am talking about whether or not to determine the volume of rubber is invention.

The Witness: To determine the volume of rubber as used in this structure, because the whole concept is novel. In other words, given the Gross patent and then to determine the volume from there on, no. In other words, once you are handed the invention and you are going to put it into practice, that is very simple to do. But without the Gross patent in front of you, it is not simple."

Given the invention, it obviously merely becomes a matter of mathematical calculation or trial and error to determine the size of the parts to put it into practice. It is manifest therefore that the above Findings fail to show a lack of invention and therefore do not support the Court's decision of invalidity.

II.

The Combination of Old Elements Claimed Here Produces More Than the Sum of the Respective Functions of Its Elements and Meets the Very Test Set Forth by the Supreme Court.

As pointed out earlier the patent in suit discloses the combination of a rubber ring of substantially round cross section, an O-ring in the preferred form, with an outer rigid washer which is thinner than the diameter of the O-ring. The assembly is closely fitted around the shank and under the head of the fastener outwardly of the tank wall as is seen in Figure 2 of the patent drawings [R. 855]. When the fastener is tightened as shown in Figure 3 of the drawings, the protruding portions of the O-ring are deformed by the fastener head and tank wall to just fill the channel between the washer and the fastener shank.

Each element is in itself old in the art. Washers have been used for years under the heads of fasteners to increase the bearing surface, and O-rings were long known and used in other types of sealing.

Viewed with the careful scrutiny imposed by the Supreme Court in the case of *Great Atlantic and Pacific Tea Company v. Supermarket Equipment Corp.* 340 U.S. 147, 87 USPQ 303-306, this new combination of old elements claimed in the patent in suit produces something more than the sum of its parts. As the Court there said, the test of invention in a union of old elements is determined by their ultimate function (p. 152):

“A patent for a combination which only unites old elements *with no change in their respective functions*, such as is presented here, obviously withdraws what already is known into the field of its monopoly and diminishes the resources available to skillful men.” (Emphasis added.)

It is, of course, true in the present case that the washer serves its respective function as a bearing member, and the O-ring serves its respective function as a seal, but together they produce new and additional results. Because of the relative geometry and interrelationship and size of the washer and O-ring: (1) The ring serves to center the assembly on the shank of the bolt thus providing an annular channel of uniform width into which the ring may be deformed. (2) The ring is deformed gradually from a round to a rectangular shape and the washer limits this deformation to prevent extrusion. These are new and additional results not arising from the old functions of either of the elements. It is the exact kind of a change called for by the Supreme Court.

How is the first new result accomplished? Since the O-ring fits closely around the shank of the bolt and inside of the washer it spaces the washer concentric with the axis of the bolt and thus provides an annular channel of uniform width between the washer and bolt shank. Because this channel defines the space into which the ring must be deformed it is important that it be of uniform width and of the exact size to receive the ring therein. If it is not, there may be excessive space for the rubber on one side of the bolt shank and not enough on the other. Extrusion of the rubber and leakage of fluid would then occur.

How is the second new result accomplished? In brief, by presenting to the faces of the relatively movable members (fastener head and tank wall) convex deformable portions projecting above and below the washer and shaped to make initial tangential contact which are gradually rolled outwardly to a flattened shape. The initial situation is shown in Figure 1 of the illustrative drawings presented on the opposite page. As the operation proceeds, see Figure 2, the projecting portions resist a change

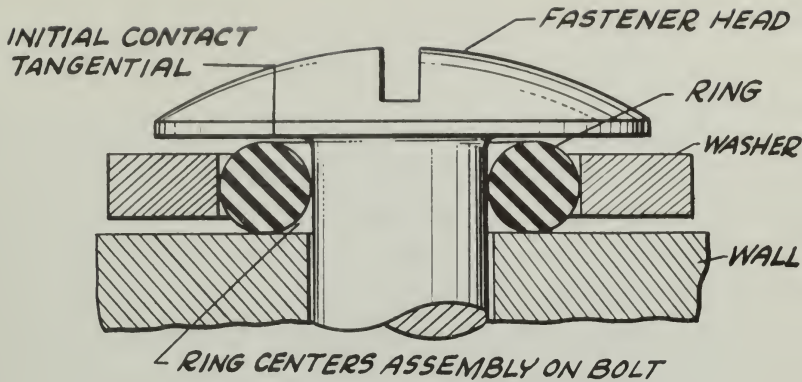


FIG. 1.

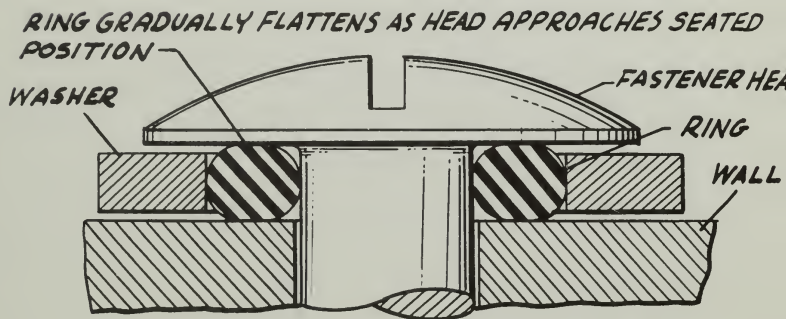


FIG. 2.

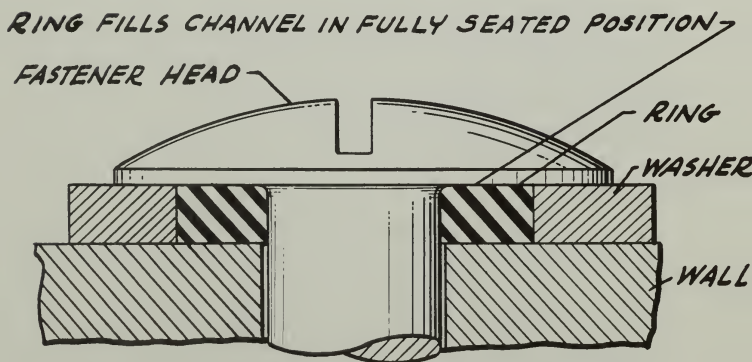


FIG. 3.

PATENT IN SUIT NO. 2,396,005

of shape and try to remain circular but are gradually flattened outwardly. The material of the ring flows toward the corners of the void channel but resists going into these corners since the ring is trying to stay circular. At the end (Figure 3) the ring has completely filled the void channel and exerts full sealing contact. Since the restoring force or internal resilience of the rubber is proportional to the amount of deformation which has occurred, the round crowns of the ring which have been deformed exerts a strong outwardly directed force to create sealing contact.

Thus it is seen that the invention of the patent in suit meets the tests of invention laid down in the *A. & P.* case since the function of the combination and its component parts are different from and in excess of the functions of these parts in their prior usage.

III.

The Prior Art Patents Relied Upon by the Defendants Are Different Both in Structure and Function From the Patented Invention and Are No More Pertinent Than the Ones Cited by the Examiner.

Finding No. 17 [R. 41] identifies the four prior art patents upon which the Defendants rely. Each and every one of these patents is different from the patented device. None even shows the use of an O-ring, and only one relates to fastener sealing.

The two Hart patents, No. 67,539 issued to D. B. Hart and No. 128,391 issued to G. Hart [R. 927, 929], are both directed to lock washers. Their main and sole purpose is to prevent loosening of the nuts upon the threads of the bolt. There is not the slightest concern with sealing problems, nor any suggestion or teaching that the

Hart devices would seal if made in accordance with the patent disclosures. The Defendants did not introduce any evidence to show any of these devices were ever made, much less any evidence to show that they would seal.

The Hart '539 patent discloses in Figure 5, a metal and rubber lock washer in which the rubber portion is pentagonal in cross-sectional shape. In Figure 8 it is rectangular in shape. In both cases the rubber is much thicker than the metal washer and could not be confined entirely within the metal washer. Thus the metal washer could not be tightened firmly between the head of a fastener and a tank wall for there would simply be no place for the excess rubber to go. In other words, the Hart '539 device might, as it is intended to do, function as a lock washer but it would not make a fastener seal because there is no way to limit the deformation of the rubber portion and prevent extrusion. In view of the fact that the Hart '539 device is not intended to seal, and provides a lock washer of different shape and relationship than the patented device, it cannot be anticipatory of the invention in suit.

What is said about the Hart '539 patent applies with even more force to the Hart '391 patent. Again, the Hart '391 patent is concerned solely with a lock washer. In this case the structure disclosed is a metal and rubber washer in which the rubber part appears to be generally trapezoidal in shape with an upwardly convexed portion. The amount of rubber in the Hart '391 device clearly exceeds the space within the metal washer in which it is fitted so that its outer metal retaining washer could not be tightened in metal-to-metal bearing engagement between the head of a fastener and the tank wall as in the patented device.

The Seligman patent No. 2,191,044 [R. 945] is again something entirely different than the patented invention. In Seligman, we are presented with a device which is not a fastener seal but merely a resilient spacer for a built up heat exchanger. The Seligman device is, as shown, a large rectangular framework open internally and is manifestly not intended to surround anything, let alone make contact with the shank of a fastener. The resilient spacing member in Seligman is enclosed by a metal framework to prevent it from spreading outwardly as in the Hart devices previously discussed, but again as in Hart, we have a larger amount of rubber than can be confined within the metal frame. In other words, Seligman intended that the plates which are separated by the spacer would not rest on the metal frame but on the spacer alone as is clearly seen in Figures 8, 9 and 10 of the Seligman drawings. Again, the Seligman patent has a different structure and a different function from the patented device—it does not anticipate.

The Killner patent British No. 537,654 [R. 956] is the one upon which the Defendants must principally rely. This patent discloses a sealing device in which a rubber ring of rectangular cross section is confined by an outer metal band. In order to compress the rubber within the metal band it is necessary to space the rubber ring away from the member on which it is fitted, in a relationship such as is clearly shown in Figure 3 of the Killner drawings. This means that the washer and sealing ring cannot be self centering upon the shank of the bolt. Accordingly, the channel between the washer and bolt shank will not be of uniform width resulting in too much space for the rubber on one side of the bolt and not enough on the other. The effect of tightening the fastener under

these conditions is illustrated in the drawings shown opposite. In the initial condition shown in Figure 1, it is easily seen that there is no reason why the washer and sealing ring should center upon the shank of the fitting. In fact, there is every reason why they should not, since the assembly will normally tend to ride to one side until the sealing ring bumps into the shank of the bolt in the condition as is illustrated in Figure 2. It is then apparent that there is too much space for the rubber on one side of the bolt and not enough on the other. Tightening of the bolt as is shown in Figure 3, can only result in the corners of the sealing ring being extruded outwardly over the confining band, preventing tight metal-to-metal contact and destroying the seal. That this exact thing does happen is a matter of record before this court as admitted by the owners of the Killner patent.

In the Dowty patent No. 2,455,982 [R. 923] we find in the specification the following sworn statement:

"It has been found that the *Killner sealing washer*, of common ownership with the present invention, is *subject to certain definite, but scarcely predictable, disadvantages*. * * * it happens not infrequently that the sealing ring, first engaged by the abutment flanges because this sealing ring projects abruptly axially beyond and about a circle immediately adjacent the confining ring, is caused to spread outwardly to overlie the end of the confining ring. As the abutment flanges continue to approach the confining ring, this outwardly spread, overlying lip of the sealing ring is nipped between the abutment flange and the confining ring, and may be severed from the sealing ring. *This nipping may not be uniform about the entire circle, and its effect is to weaken the seal, provide weak spots where leakage may start, and*

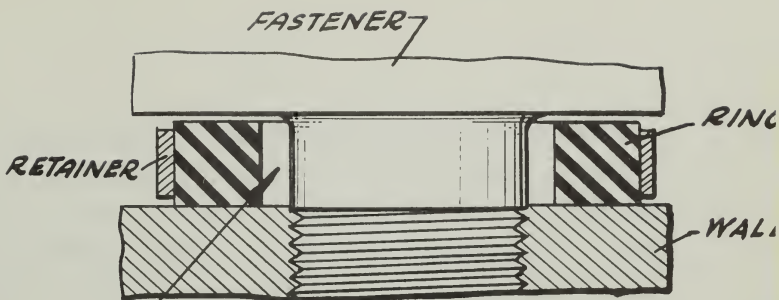


FIG. 1

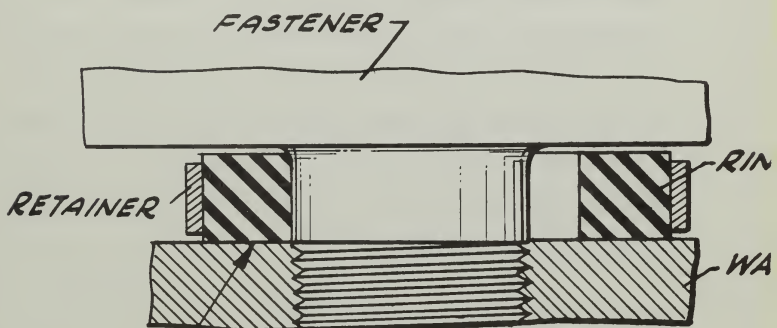


FIG. 2

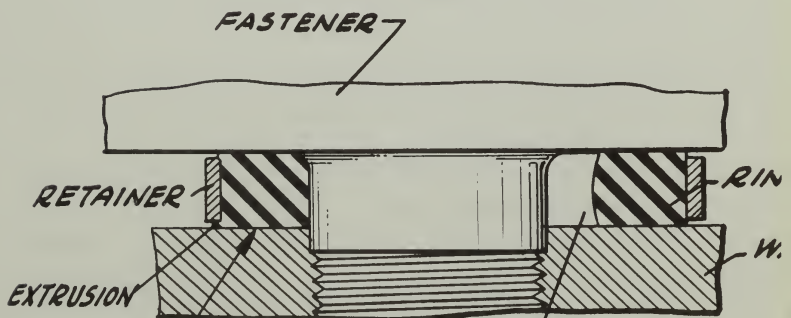


FIG. 3

space the abutment flange from actual contact with the confining ring, and from one or more of these causes to invite leakage. Moreover, the effectiveness of the sealing washer for reuse is destroyed by such nipping.” (Emphasis added.)

Thus, according to the owners of the Killner patent it is subject to extrusion and pinching of the rubber between the metal parts, the seal is weakened, and leakage occurs. In other words, the Killner owners confirm the very facts which Plaintiffs have been urging throughout this case. The distinction between Killner with his rectangular ring and the device of the patent in suit with its doughnut shaped or substantially round ring, is therefore simply the difference between failure on the one hand, and complete success on the other. This we submit is particularly cogent evidence of invention.

The Defendants here choose to rely upon four prior art patents which were not cited by the Patent Office in the prosecution of the patent in suit. Thus, as Defendants always do, they seek to weaken the presumption of validity. In this case the patents cited by the Patent Examiner are just as pertinent as the patents relied on by the Defendants.

The patents to Welch No. 2,159,346 and to Moser No. 1,208,620 were both fully considered by the Examiner in charge of the prosecution of the patent in suit [see file wrapper physical Ex. C]. Both of these reference patents found in physical Exhibit A teach the combination of an outer rigid retainer and an inner deformable ring. The reference to Killner upon which the Defendants rely so heavily teaches a deformable inner ring of rectangular cross section which ring is longer than the axial opening through the retainer. The reference patent to Welch

teaches exactly such a deformable rectangular ring 10 which is longer than the axial opening through the retainer 6 as shown in Figure 1 of the Welch patent drawings. In fact, each and every statement which the Defendants can make about Killner can be made equally well about Welch. Insofar as lock washers are concerned, the reference patent to Moser is just as pertinent to the subject invention as are the lock washers of the Hart patents relied upon by the Defendants.

Title 35, U. S. C., Section 282, first paragraph provides:

“A patent shall be presumed valid. *The burden of establishing invalidity of the patent shall rest on a party asserting it.*” (Emphasis added.)

This burden is not overcome merely by citing other patents than those made of record by the Patent Office without showing that they are sufficiently more pertinent to create a presumption that they were overlooked by the Examiner. This the Defendants have not done.

As stated by this Court in *Park-In Theatres, Inc. v. Rogers, et al.*, 130 F. 2d 745, 55 U. S. P. Q. 103, 105:

“The issuance of the patent is presumptive evidence of invention and patentability. The presumption is so strong that in the event of a reasonable doubt as to patentability or invention, that doubt must be resolved in favor of the validity of the patent. (*Mumm v. Decker*, 301 U. S. 168, 171. See, also, *Frank v. Western Electric Co.*, 24 F. 2d 642, 645.)”

In the recent case of *Ry-Lock Company, Ltd. v. Sears Roebuck & Company* (1955), 227 F. 2d 615, 107 U. S. P. Q. 292, this Court distinctly pointed out that the presumption of validity of a patent is reinforced by the existing statute (35 U. S. C., Sec. 282) and further cau-

tioned trial courts that a general finding of want of invention and of anticipation such as presented there is inherently defective.

Here, as in the *Ry-Lock* case, the trial court merely made a general finding [No. 16, R. 40] of want of invention and then in Finding No. 17 [R. 40, 41] listed the four patents *relied upon by Defendants*. There is no finding however as to how, if at all, these patents, taken singly or collectively, apply to the patent in suit or in any way showed lack of invention.

IV.

The Accused Device Infringes Since It Has the Same Element Doing the Same Thing in the Same Way as the Patented Device.

The trial court found in Finding No. 13 [R. 40] that "Plaintiffs used the term 'a rubber-like doughnut shaped ring' in the patent and this term must be strictly construed as against them." In Finding No. 14 [R. 40] the Court found that "the rubber ring used by Defendants is not a doughnut shaped ring."

Upon inspection of the accused device [physical Ex. 8] and drawings in Defendants' advertising [Ex. 77; R. 892] the Court will appreciate that the rubber ring therein is a ring which is circular on the top, bottom and inner side. It protrudes above and below the outer washer in the same manner as the patented device and presents the same surfaces for deformation. An enlarged view of the shape of Defendants' ring is seen in the drawing Exhibit Y [R. 996] prepared by the Defendants.

Since the Defendants were subcontracting the manufacture of the patented device for the Plaintiffs they were

well aware of the invention of the patent in suit. They were also aware of Plaintiff Wolfe's introduction of the one-piece LOCK O SEAL, later called STAT O SEAL, more than a year prior to the introduction of the accused DUO SEAL device [R. 901]. To make such a seal it is necessary to provide on the outer edge of the ring a flat flange for attaching the ring to the retainer. Plaintiff did it and so did the Defendants. It offered the obvious advantage of preventing separation of the parts, an advantage which Gross and Cornwall, the inventors had considered years before [R. 866].

No one has any difficulty in deciding that a round ring or O-ring is a doughnut shaped ring. Such a ring is illustrated in the patent in suit. Must this ring be exactly circular to be a doughnut shaped ring? Does any deviation from a circular ring render it something other than a doughnut shaped ring?

Certainly this was not what the patentees intended for as they state at the end of the specification [R. 857]:

"Our invention may be embodied in other forms or carried out in other ways without departing from the spirit or essential characteristics thereof. The present embodiment of our invention as hereinbefore set forth is therefore to be considered in all respects as illustrative and not restrictive, the scope of our invention being indicated by the appended claims, and all changes which come within the meaning and range of equivalency of the claims are intended to be embraced therein."

The facts in this case are believed to be on all fours with the leading case of *Winans v. Denmead*, 15 How. 330, 14 L. Ed. 717, which involved the question of infringement of a claim on a *round* railroad car tank by an accused device of octagonal shape. The Court stated in its conclusion (at 343):

“* * * And, therefore, the patentee, having described his invention, and shown its principles, and claimed it in that form which most perfectly embodies it, is, in contemplation of law, deemed to claim every form in which his invention may be copied, unless he manifests an intention to disclaim some of those forms.

“Indeed it is difficult to perceive how any other rule could be applied, practicably, to cases like this. How is a question of infringement of this patent to be tried? It may safely be assumed, that neither the patentee nor any other constructor has made, or will make, a car *exactly* circular. In practice, *deviations from a true circle will always occur*. How near to a circle, then, must a car be, in order to infringe? May it be slightly elliptical, or otherwise depart from a true circle, and, if so, how far?

“In our judgment, the only answer that can be given to these questions is, that it must be so near to a true circle as substantially to embody the patentee’s mode of operation, and thereby attain the same kind of result as was reached by his invention. *It is not necessary that the defendant’s cars should employ the plaintiff’s invention to as good advantage as he employed it, or that the result should be precisely the same in degree*. It must be the same in kind, and effected by the employment of his mode of operation in substance. * * *” (Emphasis added.)

The *Denmead* case was cited with approval in the recent case of *Graver Tank & Mfg. Co., Inc. v. Linde Air Products Co.*, 339 U. S. 605, 607, 70 S. Ct. 854, 855. The Supreme Court there said:

“The doctrine of equivalents evolved in response to this experience. The essence of the doctrine is that one may not practice a fraud on a patent. Originating almost a century ago in the case of *Winans v. Denmead*, 15 How. 330, 14 L. Ed. 717, it has been consistently applied by this Court and the lower federal courts and continues today ready and available for utilization when the proper circumstances for its application arise.”

Had the Defendants in this case shown that their device was different in function or operation or result from the patented device—then they might well have argued that a difference in form would constitute a non-use of the patented invention. No such evidence was or could be produced. On the contrary the Defendants’ evidence shows complete equivalence between the two devices.

Typical of the evidence before the Court on this point is the testimony of the Defendant Otto Grass who was the designer of the accused device. We quote the testimony of Grass at page 532 of the Record:

“The Court: What is the difference between the two seals?

The Witness: Are you asking me?

The Court: Yes, I am asking you. I don’t care anything about referring to that exhibit, but what is the difference between the two seals.

The Witness: One is bonded, has a flat portion on the washer side. The other has an O-ring in a washer.

The Court: That is the only difference?

The Witness: That is the only difference that I can see.

* * * * *

Q. (By Mr. Lee): You don't know of any differences in the way they work? A. Not the way they work. There is a difference in the way they are constructed."

In view of such evidence, the trial court's conclusion that the term "doughnut-shaped ring" must be construed strictly against the Plaintiffs, and that the Defendants' ring was not "doughnut-shaped" is clearly erroneous both as a matter of fact, and of controlling law. The decision of non-infringement should therefore be reversed.

V.

The Last Step Which Turns Failure Into Success Is Invention, for It Is the Essence of the Contribution, Which the Patent Laws Are Designed to Reward.

This case presents a classical example of the kind of an invention which solves a long existing problem. The need for a fastener seal to prevent fluid leakage through the opening around bolts, rivets, and the like, was long known. Such a seal was particularly needed in the aircraft industry where countless numbers of fasteners are passed through the skin and structural members of the ship. In one large aircraft discussed at the trial (Navy PB2Y-3) approximately 800 of such sealed fasteners are used [R. 243]. The problem was highlighted in 1943 when during the crisis of World War II the Plaintiff, Rohr Aircraft Corporation, was given the urgent task of constructing integral fuel tanks in the PB2Y-3 aircraft [R. 210].

In the tank art, workers had long sought a satisfying solution. The patent to Buchanan cited by the Patent Office in the prosecution of the patent in suit [see physical Ex. A] was filed in 1922. The exact same problem of sealing a fastener passed through the wall of a tank was presented then as it was presented to Gross and Cornwall in 1943.

Upon investigation Gross found that other aircraft manufacturers were in fact attempting to seal fasteners. Two methods of sealing fasteners were found in use. One of these was the so-called "sandwich seal," the other was caulking compound [R. 416]. In the "sandwich seal" a layer of rubber was placed between the skin plates through which the fastener passed. As the fastener was tightened the rubber was put under pressure and sealed around the shank of the fastener [R. 97]. Since the rubber was not confined it tended to loosen in time and permit leakage [R. 97]. The caulking compound was equally ineffective, it might or might not seal [R. 98]. Evidence of the practices of the industry was not only given by Gross but fully corroborated by the testimony of McClay a Navy engineer [R. 96].

Since an airplane is a highly stressed structure it is made light enough to fly only by utilizing the maximum strength of the component parts. Each fastener in the plane carries load and to distribute that load evenly the fasteners must be torqued or tightened to equal values. During service the fasteners must remain tight. The seal for such fasteners must therefore not weaken the fasteners or permit them to work loose.

In order for the fastener to carry its assigned share of the stress, the ends of the fastener must have rigid

metal-to-metal support on the skin plates. If rubber is interposed between the bearing surfaces the stress or load carrying ability of the fastener is lost. The structure can weave and shift and the fastener will become loose under vibration [R. 228]. It is therefore essential that the deformable sealing material not form the bearing support, and that it not be allowed to extrude between surfaces which are designed to make metal-to-metal contact.

Gross and Cornwall also realized that an effective fastener seal had to be one which did not require custom hand work necessitating highly skilled and time consuming operations on the assembly lines. Thousands of ordinary aircraft mechanics had to be able to install the fastener seals without extensive supervision and the results had to be uniformly good. This factor alone was a severe stumbling block to workers in the art.

Of major importance was the fact that whatever seal was devised it had to do a good job of preventing fluid leakage. What makes a good seal? Rubber which is deformed from its initial shape has a strong urge or memory factor tending to return it to its original shape. Within its elastic limits, the more pronounced the change of shape the more positive is the sealing contact.

However, it is not enough to simply provide deformation of rubber. The deformation must be limited to prevent extrusion [R. 230]. Controlling the deformation of the rubber around the head of the fastener cannot be accomplished if there is more space on one side of the fastener for rubber than the other [R. 231]. It is necessary to seal all around the fastener to prevent leakage, and extrusion or pinching of the rubber at any one point immediately permits such leakage [R. 230].

This was the nature of the problem that confronted Gross and Cornwall in 1943. The invention which Gross and Cornwall then made was in every respect a solution to the problem at hand. The device which embodies this invention is physically simple, consisting of two elements, an outer rigid metallic washer and an inner doughnut-shaped ring of rubber.

As previously explained, the relative geometry, size and interrelationship of the washer and sealing ring causes the sealing ring to center the assembly on the shank of the fastener and thus define a channel of uniform width between the washer and bolt shank into which the sealing ring may be deformed. Thus there is uniform space around the bolt and not too much on one side and too little on the other. Of equal importance is the relationship between the amount of rubber in the ring and the volume of the channel between the washer and the fastener shank. There must be, and is, just enough rubber to fill this space. Too much, and the rubber will extrude outwardly above and below the washer. Too little, and there may not be good sealing contact.

We therefore do not have a situation of any washer and any ring. There is a critical cooperative relationship between the two. Absent this relationship the primary consideration of good sealing is not achieved. This relationship is found in the Defendants' DUO SEAL device which, of course, is intended to be sold to the same customers, for the same use, and to work in exactly the same manner as the patented devices sold by the Plaintiffs as LOCK O SEALS and STAT O SEALS.

Plaintiffs do not claim a monopoly on the combination of any washer and any sealing ring. What they do claim is the combination of a particular retaining washer with

a particular rubber ring to provide new cooperative results. It seems that the Defendants must practice this same concept taught by the patent in suit. They are not satisfied with the rectangular, triangular or pentagonal rings shown in the prior art patents.

When all is said and done there is no exact formula for testing invention. What the Court must do is to review the record, the history of what came before, the steps taken by the patentee, and the results—was there a real, tangible, contribution to the art. We submit that the record of this case points out clearly that such a contribution to the art was made.

The prior art as best exemplified by the British patent to Killner disclosed the idea of a fastener sealing device having a metal washer and a rubber sealing ring. There was only one trouble with this idea—it didn't work—according to the clear-cut statement of the people who should know best, the owners of the Killner patent who tested and tried to use it.

Gross and McClay testified that the methods of sealing fasteners in use in the major aircraft companies in 1943 were unsatisfactory. Here we have large aircraft companies and their scores of engineers who did not see the answer—else they would not have been building vital airplanes with fasteners that were not properly sealed.

The test of invention set forth in Title 35 U. S. C. Section 103 is that a patent may not be obtained

“ . . . if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole *would have been obvious, at the time the invention was made, to a person having ordinary skill in the art to which said subject matter pertains.*” (Emphasis added.)

What kept Killner and the other workers in this field from taking the step that Gross and Cornwall took to overcome the defects of the prior art? The answer is that it was not an obvious step.

Viewed after the invention the results obtained are most impressive. The Plaintiffs' patented LOCK O SEALS and STAT O SEALS are in use by practically every major aircraft company [R. 68] and have practically superseded all other forms of fastener sealing. The patented devices have had tremendous commercial success. Over sixty million of these devices have been sold [R. 72] to intelligent aircraft designers who buy products on their merits. This is commercial success of the highest order.

The law of this Circuit on invention is well expressed in the case of *Pointer v. Six Wheel Corporation*, 177 F. 2d 153, 83 U. S. P. Q. 43 a case frequently cited in recent cases such as,

Winslow Engineering Co. v. Smith, 233 F. 2d 438, 106 U. S. P. Q. 209;

Sterns v. Tinker & Rasor, 220 F. 2d 49, 104 U. S. P. Q. 234.

In the *Pointer* case, the Court said:

"A test which has been found very useful and generally followed is that adverted to by Mr. Chief Justice Taft in the case just referred to,—namely, the discovery of the source of the difficulty and the application of a remedy not thought of before.

* * *

"By the same token, invention cannot be defeated merely by showing that, in one form or another, each element was known or used before. [citing cases]

“The question is: Did anyone before think of combining them in this manner in order to achieve the particular unitary result,—a new function? *If not there is invention.*” (Emphasis added.)

The attention of the Court is particularly directed to the case of *Diamond Rubber Co. v. Consolidated Tire Co.*, 220 U. S. 428, which involved a patent on a solid rubber tire for a wheel.

Commencing on page 434 of the decision we find the following:

“The tire has utility, a utility that has secured an almost universal acceptance. * * * It attained an end not attained by anything in the prior art, and has been accepted as the termination of the struggle for a completely successful tire. * * * Its simplicity should not blind us as to its character. Many things and the patent law abounds in illustrations, seem obvious after they have been done,”

“ . . . the prior art was open to the Rubber Company. That ‘art was crowded,’ it says, ‘with numerous prototypes and predecessors’ of the Grant tire, and they, it is insisted, possessed all of the qualities which the dreams of experts attributed to the Grant tire. And yet the Rubber Company uses the Grant tire. It gives the tribute of its praise to the prior art; it gives the Grant tire the tribute of its imitation.”

Here, as in the *Diamond Rubber* case the Defendants give the tribute of their *praise* to the prior art—but give to the patent in suit *the tribute of imitation*.

VI.

The Defendants Did Not Independently Design the Duo Seal Device but Instead Worked From the Established Specifications of the Plaintiffs. They Used the Proprietary Information of Plaintiffs Which They Had Learned Not as Strangers but as Subcontractors Working Under Implied Trust and Confidence.

The record is clear that in manufacturing the patented devices for plaintiffs, the Defendants as subcontractors were bound by contract to operate under the specifications and standards established by the Plaintiff Rohr as supplemented by the Plaintiff Wolfe. This is established by the terms of the contracts Exhibit 17 [R. 748] and Exhibit 91 [R. 762].

California Civil Code, Section 3251 states:

“He who takes the benefit must bear the burden.”

Having accepted the benefits of manufacturing for the Plaintiffs, and Defendants came under a duty not to use information imparted to them so as to injure the Plaintiffs in their business. Using such information to go into direct competition with the Plaintiffs is injury of the most direct type. This is the long and the short of the matter.

This principle is well stated in *Du Pont Powder Co. v. Masland*, 244 U. S. 100, 102, wherein Mr. Justice Holmes said:

“* * * The word property as applied to trademarks and trade secrets is an unanalyzed expression of certain secondary consequences of the primary fact that the law makes some rudimentary requirements of good faith. Whether the plaintiffs have any

valuable secret or not, the defendant knows the facts, whatever they are, through a special confidence that he accepted. The property may be denied but the confidence cannot be.”

The record is clear that over the years the Plaintiffs did an extensive amount of development and test work on the patented product and that the results of this work were made known to the Defendants.

Commencing in 1944 Rohr conducted an extensive program on the patented devices. As exemplified by Exhibit 39 [R. 869], Gross testified that manufacturing data sheets were calculated, sample parts made up, tested, and changed as the tests indicated. [R. 234.] Concurrently, tests were conducted to determine leakage ratio under high pressure gas and liquid conditions [R. 223] using specialized equipment shown in Exhibit 49 [R. 876]. Other tests such as vibrations test were conducted to determine whether the fasteners would maintain their structural integrity when sealed [R. 225]. Equipment such as shown in Exhibit 57 [R. 880] was used. As a part of this work in 1944 Gross and Cornwall developed and tested the first one-piece seal wherein the rubber ring was bonded to the retaining washer as shown in Exhibit 36 [R. 866].

Rohr undertook the production of the patented sealing devices in quantity for its own critical needs. It made dies to produce the retaining washers, molds to produce the rubber doughnuts to the exact sizes required, and manufacturing equipment [R. 248]. Rohr produced and successfully used on the order of 100,000 of the patented sealing devices before the close of World War II [R. 243]. These figures conclusively demonstrate that the

personnel at Rohr had acquired the know how, and had done sufficient test and development work to produce a successful device.

In 1946 Gross personally delivered to the Defendant Kerley all of the equipment, dies, molds, packaging equipment and inventory which Rohr had [R. 247]. Dimensional data was included [R. 248]. Gross discussed with Kerley at this time [R. 248], and in his many subsequent conversations with Kerley [R. 256], every possible facet of the experience and knowledge that Rohr had acquired. Both Gross and Kerley agree that there were many meetings and discussions over the years [R. 256, 292] and as expressed by Kerley "There was quite a bit of cooperation between the companies." [R. 283]. This, on its face, spells out a relationship of mutual trust and confidence.

The work of Rohr did not end in 1946 but continued. This additional work was undertaken to determine the effect of usage and environmental conditions on the patented devices, and to insure that they would meet rigid government specifications. This meant conducting such tests as bolt loading with LOCK O SEALS installed [report physical Ex. 24], and installation tests on different types of fasteners [report physical Ex. 25]. Testing in comparison with other sealing devices [report physical Ex. 26], and in the presence of ozone as shown in the reports [physical Exs. 18 and 19]. Torque tests as shown in physical Exhibit 27, and engine mount tests as shown in report physical Exhibit 28. Cubic structure tests with multiple LOCK O SEAL installations as shown in report physical Exhibit 20, and many different tests on materials as shown in the groups of reports physical Exhibits 4 and 5. Additional data sheets of refined dimensions and

tolerances were prepared and Gross testified that this work was conducted under his supervision throughout the years [R. 271].

Not only did Rohr do this work as outlined above, but the Defendants knew of it either from Rohr or from Wolfe. Gross testified that he had many contacts with Kerley throughout the years [R. 256] and this is substantiated by Kerley [R. 292]. Kerley acknowledges that he knew of all of the "important tests" made by Rohr [R. 324]. Rubber Teck manufactured to the specifications and standards of Wolfe, and as these were changed or modified as a result of Rohr's work, Rubber Teck was informed. Rubber Teck was given these specifications in the form of Wolfe data sheets [Ex. 7; R. 847] from time to time as changes were made [R. 577].

The record also shows that the Plaintiffs had fully developed and were selling a one-piece seal well more than a year before the Defendants' first efforts. This evidence does something more—it shows that the Defendants took advantage of Plaintiffs' improvements as well as Plaintiffs' patent rights—that the competition was as direct as possible, and was not merely an effort on the part of the Defendants to enter the fastener sealing field with a product of their own design and development.

The concept of a one-piece seal originated in the Rohr Laboratories in 1944 [Ex. 36; R. 866] through the work of Gross and Cornwall. It was then recognized that a seal in which the rubber ring was secured to the retaining washer would have certain practical advantages. It would be easier to handle as an inventory item, and would simplify installation. However, such a one-piece seal appeared to be more expensive and difficult to manufacture.

In 1951 Wolfe working through its design engineers [R. 588] hit upon the idea that a one-piece seal might be made practical for volume production and sale if the rubber ring were molded in place within the retaining washer using the washer as part of the mold and injecting the rubber into it. Wolfe worked on this problem actively and by the Fall of 1951 had experimented with samples and made up detailed drawings showing such a one-piece seal [Ex. 110; R. 917]. In the Spring of 1952 detailed drawings of the parts and of the molds and dies for making these parts were made up to prepare for production. This development work is fully supported by the drawings introduced in evidence, Exhibits 60, 61, 62, 64, 65, 66, 67 and 68 [R. 883-891] and by the testimony of Smith [R. 589-598].

By the Summer of 1952 Wolfe was producing and selling one-piece LOCK O SEALS to the trade. Evidence of such sales taken from the books and records of the Wolfe Company were introduced in evidence in detail as Exhibits 101, 102, 103, 104 and 105 [R. 903-912]. A sales summary of seals sold to the trade under the designation Series 600, one-piece LOCK O SEALS were prepared by the head of Wolfe's accounting department [R. 608] and introduced as Exhibit 106 [R. 913]. In 1953 Wolfe decided to market the one-piece seals under a separate trademark and adopted and commenced using the trademark STAT O SEAL for the one-piece seals. A summary of sales under the mark STAT O SEAL is contained in Exhibit 78. Sales literature under the designation Series 600, one-piece LOCK O SEALS is seen in Exhibit 15A [R. 852] and similar later literature under the mark STAT O SEAL is Exhibit 22 [R. 853]. This evidence conclusively established the fact that Wolfe commenced production and

sales of one-piece seals in the Summer of 1952 and continued without interruption thereafter.

The Defendants on the other hand, first offered DUO SEALS to Fletcher Aviation Company in November of 1953, Exhibit 11 [R. 744] and according to their own testimony did not actually sell any until well into 1954 [R. 300]. It thus seems clear that the Defendants were late comers to the one-piece seal by a period of two years.

Prior to entering the field of *one-piece* seals the Defendants also had the benefit of Wolfe's work. In the Fall of 1952, Smith the general manager of Wolfe disclosed the entire program to Kerley and Grass to enable Rubber Teck to undertake subcontracting the rubber work on the one-piece seal [R. 614]. At this time the Defendants learned the details of Wolfe's development work, and were given drawings of the parts and the molds and dies for making them, such as Exhibits 60-68 [R. 883-891]. The methods and techniques that Wolfe had developed to manufacture the seals were discussed in detail [R. 615-619].

At the trial the Defendants contended by their own oral testimony that they had originated the one-piece seal, and attempted to support this position with the testimony of Robert Elam a former employee of Wolfe who was subsequently active in selling the Defendants products [R. 490].

The trial court did not resolve this conflict of testimony but apparently proceeded on the basis that the manufacturing and molding techniques used in making a one-piece seal were immaterial. During the trial Smith, the general manager of the plaintiff Wolfe, testified at length

as to the work done on development of the one-piece seal and his conversation with the Defendants about it [R. 585-602; 613-622]. Subsequently during the cross-examination of Smith the Court said [R. 632]:

“The Court: The only testimony is that he says he gave certain molds or gave drawings for certain molds to the defendants. That is as far as I am concerned with them. I don’t care what kind of molds they were. He says there were five different kinds. I don’t care how they operated. The only question I am interested in here is whether or not the defendants’ device is a copy of the plaintiffs’ device, whether it uses the same principle.”

Later the Court asked the witness Smith about trade secrets [R. 638]:

“The Court: I am talking about the seal itself now. In the two seals that are manufactured, one manufactured by the defendants and one manufactured by the plaintiffs, what trade secrets do you say that the defendants in the manufacture of their seal took from the plaintiff?”

“The Witness: Trade Secret? I am afraid I can’t answer, because I don’t know actually *what a trade secret is in the law*.

“The Court: If you can’t answer, that is all that is necessary.”

The Court’s conclusion on the question of Unfair Competition is set forth in Findings No. 18, 19 and 20 [R. 42].

We submit that said findings are against the weight of the evidence and fail to consider the true nature of a

“trade secret”. As is said in the Restatement of Torts, Sec. 757, (b) Definition of trade secret.

“A trade secret may consist of any formula, pattern, device *or compilation of information* which is used in one’s business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it.”

The information which the Defendants learned from plaintiffs concerning the LOCK O SEAL and STAT O SEAL devices was proprietary information of great value. It is therefore clearly within the definition of a trade secret as above set forth.

There remains the question of whether the Defendants used any of the information which they had learned from the plaintiffs in manufacturing the DUO SEAL device. They say that they did not, but they submitted no drawings, test data or anything else, to support the proposition that they worked independently in developing the DUO SEAL.

The Defendants contend that they independently designed and developed the DUO SEAL establishing their own dimensional data as they went. Exhibit 77, the Defendant’s sales literature on DUO SEALS [R. 893] shows the dimensions and tolerances of the parts of the DUO SEALS for the many different sizes which they currently produce. *For 26 different sizes of the Defendants’ product* the dimensions and tolerances published in Exhibit 77 are identical with those of Plaintiffs as shown on Exhibit 1 [R. 827] to the nearest .001 of an inch. Since the Defendants’ literature shows in tabular form five different dimensions for any particular size of DUO SEAL we have a total of 130 dimensions which defendants claim they determined by independent design work. It is incredible

that the Defendants could have started afresh with design and test work and arrived at the same figures as shown on Exhibit 1 one hundred and thirty different times. The short answer is that the Defendants did not do so, what they did was to start with the Plaintiffs' dimensions and build the DUO SEALS to these specifications. This is direct copying and unfair trade practice of the most flagrant type which, we submit under the circumstances was unfair competition. (See Cal. Civ. Code, Sec. 3369):

“3. (*Definitions*) As used in this section unfair competition shall mean and include unfair or fraudulent business practice and unfair, untrue or misleading advertising”

VII.

The Defendants' Choice of a Trademark.

One of the fundamental purposes of the law of unfair competition is the protection of goodwill. This basic concept of protecting the goodwill of a business against those who attempt to trade on the goodwill by marketing products under a confusingly similar name has been carried into the trademark statutes as follows (15 U. S. C. 1114(1)):

“Any person who shall in commerce (a) use without the consent of the registrant, any reproduction, counterfeit, copy, or *colorable imitation* of any registered mark in connection with the sale, offering for sale, or advertising of any goods or services, on or in connection with which such use is *likely to cause confusion or mistake or to deceive purchasers* as to the source of origin of such goods or services . . . shall be liable to a civil action.
. . . .”

The decided cases recognize that likelihood of confusion may be caused by reason of similarity of the marks in sound, appearance or significance. The cases also recognize that it is the over-all effect of the concurrent use of the marks on goods of the same class sold in the same channels of trade.

The courts have long held that it is not necessary to appropriate every word or portion of a trademark to constitute infringement. In the leading case of *Saxlehner v. Eisner & Mendelson Co.*, 179 U. S. 19 (1900) the Supreme Court said at page 33:

“It is not necessary to constitute an infringement that every word of a trade-mark should be appropriated. It is sufficient that enough be taken to deceive the public in the purchase of a protected article.”

This Court held in *Brooks v. Great A. & P. Tea Co.*, 92 F. 2d 794 that “8 Bells” for coffee was an infringement of Plaintiff’s trademark “8 O’Clock” for the same goods.

As Judge Learned Hand said in the case of *Stamford v. Thatcher*, 200 Fed. 324, in holding that “Messmate” infringed “Shipmate” for ship stoves:

“Of course, the imitation is not exact; it never is in such cases. The details of the stove have been varied in trifling regards, and the maker’s name has been put on the hearth. All that is almost a convention, when you appropriate another man’s mark; for there must be some color of good faith, some defense to put forward. Minor differences are supposed to help over hard places.”

Defendants as a result of their close relationship with Plaintiffs over a long period of years were fully familiar

with the family of marks which Plaintiffs had developed for their various products. Also that the creation of this family of marks was the result of a definite plan of Plaintiffs to create a series of related marks with a common suffix, thereby creating an awareness in the trade that such related marks signified Plaintiffs as the source of origin. As the record shows [R. 962-968], Plaintiffs have adopted, used, and registered in the Patent Office the following trademarks, all having the same suffix:

LOCK O SEAL

STAT O SEAL

RIV O SEAL

TERMIN O SEAL

BOLT O SEAL

VALV O SEAL

GASK O SEAL

Of the foregoing marks, Plaintiffs had, as Defendants well know, used the trademarks LOCK O SEAL and STAT O SEAL for fastener seals coming under the patent in suit.

Defendants also knew that these trademarks LOCK O SEAL and STAT O SEAL were well and favorably known throughout the entire aircraft industry, and particularly to the scores of Plaintiffs' customers of whom Defendants had intimate knowledge.

Knowing all these things, the Defendants nevertheless, when they decided to enter the market with a competing seal deliberately chose for their infringing products the name DUO SEAL—obviously getting just as close to Plaintiffs' family of marks as possible. Defendants' story of an alleged contest or survey among the employees [R. 505] in the selection of the DUO SEAL mark is a shopworn subterfuge used by persons who employ such tactics.

In the case of *Q-Tips, Inc. v. Johnson & Johnson*, in the Third Circuit, 206 F. 2d 144, 98 U. S. P. Q. 86, the Court held that "Cotton Tips" was an infringement of "Q-Tips." Judge Goodrich in a full and well reasoned decision said:

"One of the elements to be considered in deciding whether there is confusing similarity is the intent of the actor who adopts the designation.

". . . The evidence is convincing that Defendant made its choice of 'Cotton Tips' in order to come as close as it thought legally possible to 'Q-Tips' and bask in the reflected popularity of plaintiff's name."

If we consider the marks LOCK O SEAL, DUO SEAL and STAT O SEAL together for a moment, and then the marks BOLT O SEAL, RIV O SEAL, GASK O SEAL and TERMIN O SEAL, it is impossible to mistake the Defendants' purpose.

By reference to Exhibits 79 and 80 [R. 898, 899] the Court will see a clear instance of actual confusion. These exhibits are both purchase orders from Beech Aircraft Co. addressed to Franklin C. Folfe Co. In each case the part number 600-001 is that of Franklin C. Wolfe Co. and in Exhibit 80 the Wolfe Trademark STAT O SEAL is called out. But in Exhibit 79, on the same line with Plaintiffs' part number 600-001 is the *Defendants' trademark* DUO SEAL. This evidence is embodied in Finding No. 24 [R. 43] which at the same time points out that it was one of a multitude of sales.

Since no evidence of actual confusion is necessary under the settled law, evidence such as the foregoing should be conclusive in a case of this character. Indeed it can be seen that since the goods are sold for the same use in the same sizes to the same purchasers, there is every possibility of confusion. The only thing that could save such

identical goods from confusion would be the good faith efforts of the competitors to identify them by different names. No such good faith was shown by the Defendants here.

At the trial the Defendants introduced into evidence a number of trademark registrations showing that others had used the O SEAL suffix in various combinations [R. 969-995]. However, there is no evidence in the record as to the channels of trade, customers, or use or purpose of the goods sold under these latter marks. Without taking into consideration all of these factors, there is little or no significance to such registrations of others.

Assuming that scores of other manufacturers have the right to use similar suffixes on their many different products, it does not negate the likelihood of confusion between Plaintiffs' and Defendants' goods when sold to the same customers, through the same channels of trade, and for identical usage.

The trial court's findings that there is no likelihood of confusion are against the clear weight of the evidence and should be reversed.

Conclusion.

The record in this case shows conclusively that:

1. The fastener seal of the patent in suit is a new combination of elements producing a new and improved result not shown or taught by the prior art and meets all of the tests of invention laid down by the statute and the Courts. The judgment of invalidity of the patent should be reversed.

2. The fastener seal of the Defendants embodies each and every element of Claim 1 of the patent in suit, in-

cluding the “doughnut shaped ring” and is a clear infringement thereof. The judgment of non-infringement should be reversed.

3. The conduct of the Defendants in deliberately adopting the trademark DUO SEAL which is confusingly similar to Plaintiffs’ family of O-SEAL trademarks, and in using the data and other information obtained by Defendants while in privity with Plaintiffs, as a springboard to launch and carry on a competing business is clearly an unfair trade practice and amounts to unfair competition. The judgment dismissing this count of Plaintiffs’ complaint should be reversed.

4. The case should be remanded to the trial court on each of the issues 1-3 above with instructions to enter judgment for Plaintiffs as prayed, for an injunction and the assessment of damages.

Respectfully submitted,

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United States
Court of Appeals
for the Ninth Circuit

ROHR AIRCRAFT CORPORATION and THE FRANKLIN C.
WOLFE COMPANY, INC., Appellants,

vs.

RUBBER TECK, INC., RUBBER TECK SALES AND SERVICE
CO., PAUL A. KARRES, OTTO R. GRASS and JOE P.
KERLEY, Appellees.

RUBBER TECK, INC., RUBBER TECK SALES AND SERVICE
CO., PAUL A. KARRES, OTTO R. GRASS and JOE P.
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vs.

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Transcript of Record

(In Three Volumes)

VOLUME I.

(Pages 1 to 408, inclusive)

Appeals from the United States District Court for the
Southern District of California
Central Division

FILED

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PAUL P. O'BRIEN, CLERK

No. 15884

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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

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* Page numbers appearing at bottom of page of Original Transcript of Record.

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In the District Court of the United States, Southern District of California, Central Division

Civil Action No. 18237

ROHR AIRCRAFT CORPORATION and
FRANKLIN C. WOLFE COMPANY, INC.,
Plaintiffs,

vs.

RUBBER TECK, INC., RUBBER TECK SALES
AND SERVICE CO.; PAUL A. KARRES;
OTTO R. GRASS; JOE P. KERLEY; DOE
I, DOE II and DOE III, Defendants.

COMPLAINT FOR INFRINGEMENT OF U. S.
LETTERS PATENT No. 2,396,005 AND FOR
UNFAIR COMPETITION

For a First Claim Against Defendants, Plaintiffs
Allege As Follows:

1.

This action arises under the patent laws of the United States of America and this Court has jurisdiction thereof under 28 U.S.C. 1338(a).

2.

Plaintiff, Rohr Aircraft Corporation, is a corporation duly organized and existing under and by virtue of the laws of the State of California, and has its principal place of business in Chula Vista, County of San Diego, and State of California. [2]

3.

Plaintiff Franklin C. Wolfe Company, Inc. is a

corporation duly organized and existing under and by virtue of the laws of the State of California and has its principal place of business in Culver City, County of Los Angeles, and State of California.

4.

Defendant Rubber Teck, Inc., is a corporation existing under and by virtue of the laws of the State of California and has a regular and established place of business in Gardena, County of Los Angeles in the Southern Judicial District of California.

5.

Defendant Rubber Teck Sales and Service Co. is a partnership comprised of Paul A. Karres and Otto R. Grass, co-partners, and has a regular and established place of business in Los Angeles County in the Southern Judicial District of California.

6.

The individual defendants Paul A. Karres, Otto R. Grass and Joe P. Kerley reside in Los Angeles County in the Southern Judicial District of California.

7.

Doe I, Doe II and Doe III are sued herein under fictitious names and leave of Court will be requested to substitute their true names when the same are ascertained.

8.

On October 2, 1944, United States Patent No. 2,396,005 for Sealing Device was duly and legally

issued to plaintiff Rohr Aircraft Corporation as the assignee of Bernard Gross and Leo W. Cornwall, the [3] joint inventors of the subject matter of said Patent. Plaintiff, Rohr Aircraft Corporation has been, since the issuance of said patent and now is, the owner of the entire right, title and interest in and to said patent and all rights to sue for past and present infringements thereof.

9.

Plaintiff, Franklin C. Wolfe Company, Inc. is the exclusive licensee of Plaintiff Rohr Aircraft Corporation under said Patent No. 2,396,005, with full rights to manufacture and sell devices embodying the subject invention and has continuously since 1946 engaged in the manufacture and sale of such devices on a large commercial scale.

10.

Said patent and the invention covered thereby are of great value to plaintiffs, and devices made and sold by plaintiffs embodying said inventions have been well and favorably received in the trade and valuable goodwill has been established therein.

11.

The defendants have jointly and severally, willfully and wantonly infringed, and are now infringing said patent by making, using and selling, and causing to be made, used and sold, in the Southern Judicial District of California and elsewhere in the United States, sealing devices embodying the inven-

by Congress various specialized Sealing Devices including devices embodying the invention disclosed and claimed in said Patent No. 2,396,005 and the trade secrets, technical information and data developed and perfected by Plaintiffs. As a result of the merits of said products and the knowledge and information developed by the Plaintiff, said sealing devices have had widespread commercial success and gained a valuable reputation in the trade. The plaintiff Franklin C. Wolfe Co., Inc. has adopted and used for Sealing Devices embodying the above-mentioned designs and inventions the trademarks "Lock-O-Seal" and "Stat-O-Seal" and have adopted and used for related sealing products the trademarks "Riv-O-Seal", "Termin-O-Seal", "Gask-O-Seal" and "Bolt-O-Seal". All of said trademarks of the Plaintiff Franklin C. Wolfe Co., Inc. have been duly registered in the United States Patent Office and have been extensively advertised and promoted by said plaintiff. Each new sealing device, as developed, is given a designation embodying the suffix "O-Seal" and this pattern is well known and recognized in the trade. As a result of these activities, the "O-Seal" portion of said trademarks has come to [6] have a secondary meaning in the trade as designating one of the related sealing products of Plaintiff Franklin C. Wolfe Co., Inc., and said Plaintiff has built up extensive goodwill in the reputation of said products and trademarks.

18.

At various times throughout the period 1944 to

1954, plaintiffs have employed the Defendants to manufacture for them different parts for the Sealing Devices embodying the invention disclosed in Patent No. 2,396,005 and for the purpose of enabling Defendants to manufacture said parts, and for no other purpose, have disclosed to the Defendants trade secrets, technical information and knowledge, engineering drawings and data and related information concerning plaintiffs' products necessary or desirable for the Defendants to have in carrying out the work for which they were employed. In some instances, Defendants have shipped goods for Plaintiffs directly to Plaintiffs' customers and as a result thereof have acquired lists of Plaintiffs' customers from Plaintiff. All of the information so disclosed to Defendants as aforesaid was imparted to them in trust and confidence and was so known and received by Defendants.

19.

While employed by Plaintiffs in a position of trust and confidence, Defendants jointly and severally, willfully and wantonly, aided, abetted, and conspired with each other to violate the trust and confidence imposed in them by Plaintiffs, to make wrongful use of the information imparted to them by plaintiffs, to compete unfairly with Plaintiffs, and to trade upon the goodwill and reputation of Plaintiffs. Pursuant thereto, Defendants hired former salesmen of Plaintiffs and surreptitiously commenced contacting Plaintiffs' customers and informing said customers that the Defendants could sup-

[Title of District Court and Cause.]

ANSWER OF RUBBER TECK, INC., RUBBER
TECK SALES AND SERVICE CO., PAUL
A. KARRES, OTTO R. GRASS AND JOE
P. KERLEY

The above named defendants admit, deny and
allege as follows:

1.

Defendants admit the allegations of paragraphs
1 to 6, inclusive.

2.

Defendants admit that on October 2, 1944, United
States Patent No. 2,396,005 for Sealing Device was
issued to plaintiff, Rohr Aircraft Corporation as
the assignee of Bernard Gross and Leo W. Corn-
wall, but deny that the same were duly or legally
issued. Defendants have no knowledge as to whether
Rohr Aircraft Corporation has been since the issu-
ance of said patent, or whether it now is the owner
of the entire right title, and interest in and to said
patent and all rights to sue for past and present
infringement thereof as alleged in paragraph 8,
and therefore deny this allegation in [10] para-
graph 8 of the complaint.

3.

Defendants have no knowledge of the allegations
of paragraph 9 of the complaint and therefore deny
the allegations contained in this paragraph.

4.

Defendants have no knowledge of the allegations

contained in paragraph 10 of the complaint, and therefore deny the allegations in this paragraph.

5.

Defendants deny that they have infringed or are now infringing the patent in suit, either jointly or severally, or willfully or wantonly as alleged in paragraph 11 of the complaint; deny that sealing devices made, used, or sold, or caused to be made, used or sold by defendants embody the alleged invention alleged to be disclosed and claimed in the patent in suit; deny that they threaten to or will continue to infringe the patent in suit, and deny that they are causing plaintiffs great and irreparable or any damage.

6.

Defendants admit that Paul A. Karres and Otto R. Grass were and are directors of Rubber Teck, Inc.; admit that they are stockholders of said corporation; admit that Joe P. Kerley was a director and stockholder, but allege that Joe P. Kerley is not now and has not been since prior to this action was filed a director or stockholder of said corporation; deny that defendants Paul A. Karres, Otto R. Grass, or Joe P. Kerley instigated, directed, and controlled or induced and deny that they now direct, control or induce the alleged infringements committed by the corporate defendant or the alleged infringements of the partnership defendant, Rubber Teck Sales and Service Co., or that they were or are in direct personal control of all activities of said corporate and partnership defendants

before the invention thereof by the applicants for the patent in suit;

d) lacks invention over the disclosures made in the patents and publications as evidenced by the following:

Barwood	1,814,502	July 14, 1931	
Blosser	242,744	June 14, 1881	
Courtenay	234,967	Nov. 30, 1880	
Dowty	2,455,982	Dec. 14, 1948	
		Filed July 16,	
		1945, and in	
		Great Britain	
		May 3, 1944	
Schier	761,325	May 31, 1904	
Fisher	2,017,204	Oct. 15, 1935	[13]
Hageman	794,499	July 11, 1905	
King	2,081,040	May 18, 1937	
Seligman	2,191,044	Feb. 20, 1940	
Hilton	2,330,425	Sept. 28, 1943	
Hart	67,539	Aug. 6, 1967	
Hart	128,391	June 25, 1872	
Moser	1,208,620	Dec. 12, 1916	
Pothier	2,054,468	Sept. 15, 1936	
Rodney	271,365	Jan. 30, 1883	
Welch	2,159,346	May 23, 1939	
Ashley	2,123,035	July 5, 1938	
Ashley	2,097,713	Nov. 2, 1937	
Zigler	2,250,343	July 22, 1941	
Burns	952,507	March 22, 1910	
Buchanan	1,515,996	Nov. 18, 1924	
Sorensen	2,289,221	July 7, 1942	
Lehmann	1,254,514	Jan. 22, 1918	

British Patent to Itschner No. 19,062, Oct. 24, 1912

British Patent to Aircraft Components Limited and Frederick Edward Killner, No. 537,654, July 1, 1941

and others, the names, numbers, dates of which defendants are not now advised but for which defendants are diligently searching and pray leave to insert herein by amendment when ascertained.

F.

As a Sixth Affirmative Defense, defendants allege that the patent in suit is unenforceable against the defendants in that the plaintiffs have been and now are guilty of unclean hands in that they have published and represented to the trade and public that the patent in suit applies to and covers sealing devices having an entirely different construction from the sealing device disclosed and claimed in the patent in suit and which in fact are not covered thereby. [14]

G.

As a Seventh Affirmative Defense, defendants allege, upon information and belief, that the defendants have mis-used the patent in suit by publishing and representing to the trade and public that the patent in suit covers constructions different from that disclosed and claimed in the patent in suit, including the constructions manufactured and sold by these defendants for the purpose of intimidating the trade and causing the trade to refuse to purchase defendants' sealing devices, and further,

that the applicants and assignee of the patent in suit so restricted their claims during the prosecution of the application before the Patent Office that they are now estopped to assert that the patent in suit covers any sealing device manufactured and sold by the defendants.

8.

Defendants admit the jurisdiction of the court as alleged in paragraph 14 of the complaint.

9.

Defendants re-plead and incorporate herein by reference their answers made to paragraphs 2 to 13 inclusive of the complaint hereinabove set forth.

10.

Defendants have no knowledge of the allegations of the paragraph 16 of the complaint, and therefore deny each and every allegation therein contained.

11.

Defendants have no knowledge of the allegations of paragraph 17 of the complaint except that they admit that plaintiff Franklin C. Wolfe Company, Inc., has adopted and has used and registered the trademarks "Lock-O-Seal", "Stat-O-Seal", "Riv-O-Seal", "Termin-O-Seal", "Gask-O-Seal", and "Bolt-O-Seal", and consequently deny all of the other allegations alleged in paragraph 17 of the complaint. [15]

12.

Answering paragraph 18 of the complaint, de-

defendants admit that at various times throughout the period 1944 to 1954, plaintiffs employed the defendants or some of them to manufacture for plaintiffs different parts of the sealing devices embodying the alleged invention disclosed in Patent No. 2,396,005, but deny that plaintiffs disclosed to defendants any trade secrets, technical information, knowledge, engineering drawings, data and/or related information concerning plaintiffs' products that were either necessary or desirable for the defendants to have in carrying out the work for which they were employed. Defendants admit that in some instances defendants have shipped goods for plaintiffs directly to plaintiffs' customers, but deny that as a result thereof defendants have acquired lists of plaintiffs' customers from plaintiffs. Defendants deny that any information disclosed to defendants was imparted to them in trust or confidence, and deny that the information disclosed to them was so known or received in trust or confidence by defendants.

13.

Answering paragraph 19 of the complaint, defendants deny that while employed by plaintiffs either in a position of trust and confidence or otherwise, that defendants, jointly or severally, aided, abetted and/or conspired with each other to violate the trust and confidence imposed in them by plaintiffs either willfully or wantonly or otherwise; deny that defendants either jointly or severally made wrongful use of any information imparted to them by plaintiffs or that they aided, abetted and/or con-

spired to do so; deny that defendants competed unfairly with plaintiffs, and deny that defendants have aided, abetted and/or conspired with each other to do so; deny that defendants have traded upon the good will and/or reputation of the plaintiffs, and deny that defendants have [16] aided, abetted and/or conspired with each other to do so. Defendants deny that they have hired former salesmen of plaintiffs and deny that they have surreptitiously commenced contacting plaintiffs' customers, and deny that they have informed plaintiffs' customers that defendants could supply the same or identical sealing devices as supplied by plaintiffs as alleged in paragraph 19. Defendants deny that they have surreptitiously, or otherwise, commenced the manufacture and sale of sealing devices which embody the invention disclosed in the patent in suit or any alleged trade secrets, technical data, or information supplied to defendants by plaintiffs in trust and confidence or otherwise. Defendants deny that the sealing devices manufactured by defendants are of the same appearance as those of plaintiffs, and deny that said sealing devices are of inferior quality or are of inferior workmanship.

14.

Answering paragraph 20 of the complaint, defendants deny that pursuant to any alleged conspiracy or otherwise, defendants have in any way whatsoever appropriated, duplicated, or made colorable imitations of the trademarks, trade literature, technical specifications, sizes, or markings of plaintiffs'

sealing devices; deny that any acts of the defendants have been with the intent or for the purpose of confusing the buyers and causing the buyers to believe that defendants' goods are the goods of the plaintiffs; deny that any buyers have been confused or caused to believe that defendants' goods are the goods of the plaintiffs, and deny that any acts of defendants are likely to cause confusion, mistake, or deception of purchasers as to the source or origin of the goods, and deny that any acts of defendants constitute unfair trade practices or unfair competition with plaintiffs. [17]

15.

Answering paragraph 21, defendants deny that the acts alleged in the complaint have caused confusion, mistake, or deception of buyers in the trade, and deny that defendants have been enabled to or have palmed off defendants' products as those of plaintiffs; deny that by reason of any acts of defendants that defendants have been or are being unjustly enriched; deny that plaintiffs have been or are being irreparably damaged, and deny that plaintiffs have been damaged in any way or will continue to be so damaged unless defendants are enjoined by this court in continuing any of their present acts; deny that by reason of any acts of defendants, plaintiffs have been damaged in excess of \$100,000. or that they have been damaged to any extent, and deny that plaintiffs are continuing to be damaged or that an accounting is necessary to ascertain the exact amount of such damage.

H.

As a First Affirmative Defense Against the Second and Separate Claim Against Defendants, defendants allege that matters alleged to have been transmitted to defendants by plaintiffs

1) have not been used by defendants or any of them; or

2) are matters of common knowledge open and available to anyone including these defendants to use; or

3) are matters required by governmental or customer's specifications; or

4) matters publicized by plaintiffs so that the same no longer possess any trade secret attributes; or

5) are matters which have been abandoned or dedicated to the public by plaintiffs; or

6) were matters developed by defendants themselves and were either disclosed by defendants themselves to plaintiffs, [18] or were suggested by defendants for experiment and test by plaintiffs; or

7) are matters which were discoverable by inspection or chemical analysis of the product openly sold by plaintiffs; or

8) were matters disclosed to defendants and others without any agreement, express or implied, to maintain any secrecy with respect to the same.

I.

As a Second Affirmative Defense Against the Second and Separate Claim Against Defendants, defendants allege that defendants have only sold

sealing devices under the trademark "Duo-Seal" and have never sold any of their own sealing devices under any of the trademarks alleged in paragraph 17, to wit: "Lock-O-Seal," "Stat-O-Seal," "Riv-O-Seal," "Termin-O-Seal," "Gask-O-Seal," or "Bolt-O-Seal."

J.

As a Third Affirmative Defense Against the Second and Separate Claim Against Defendants, defendants allege that the term "seal" or "O-Seal" is descriptive of the sealing devices manufactured and sold by the plaintiffs and manufactured and sold by the defendants and being descriptive plaintiffs have not acquired and cannot acquire any exclusive right to the use thereof. As evidence of the use of this term by others on the same or analogous devices reference is made to the following registrations in the United States Patent Office:

Reg.

Aero-Seal	No. 418,083	Dec. 4, 1945
BelloSeal	553,754	Jan. 22, 1952
Duoseal	416,870	Oct. 2, 1945
Faircoseal	401,038	Apr. 20, 1943 [19]
Faircoseal	506,013	Jan. 25, 1949
Flex-O-Seal	389,356	Aug. 5, 1941
Lektroseal	601,530	Feb. 1, 1955
LubOSeal	566,653	Nov. 11, 1952
Wabcoseal	520,261	Jan. 24, 1950
Sansealo	116,604	May 15, 1917
Seal-O-Matic	392,347	Dec. 23, 1941
Vapo-Seal	246,414	Sept. 4, 1928
Seal-o-matic	232,270	Sept. 6, 1927

Reg.

Cerroseal	No. 313,933	June 12, 1934
Vitroseal	574,970	May 26, 1953
Aero-Seal	388,786	July 8, 1941
Duoseal	426,108	Dec. 17, 1946
Frick Flexo-Seal	358,268	July 5, 1938
Granoseal	357,305	May 31, 1938
Koroseal	336,849	July 21, 1936
Koroseal	439,681	July 13, 1948
Spiro Seal	384,093	Jan. 7, 1941
Viscoseal	570,554	Feb. 17, 1953
Seal-o-matic	315,348	July 24, 1934
Auto-Seal	129,873	March 9, 1920
Spyroseal	175,807	Nov. 13, 1923
Thermo-Seal	150,118	Dec. 27, 1921

K.

As a Fourth Affirmative Defense Against the Second and Separate Claim Against Defendants, defendants allege, upon information and belief, that plaintiffs are guilty of unclean hands in that plaintiffs learned during the month of May 1954 from writeups and advertisements in national publications made by defendants and others that defendants were placing on the market their sealing devices under the trademark "Duo-Seal." In order to secure an [20] unfair advantage over defendants plaintiffs caused to be filed in the United States Patent Office on or about June 8, 1954, an application for registration of the trademark "Duo-Seal" as applied to sealing devices, Serial No. 667,916, alleging that plaintiffs had actually used the trade-

mark "Duo-Seal" on plaintiffs' sealing devices on April 20, 1954, whereas in fact, plaintiffs had made no use of the trademark "Duo-Seal" on April 20, 1954, are not now using the name "Duo-Seal" on plaintiffs' sealing devices, and have not used the name "Duo-Seal" on plaintiffs' sealing devices between April 20, 1954, and the date of the filing of the complaint herein; that upon information and belief, said application for registration of the name "Duo-Seal" filed by plaintiffs is still pending in the United States Patent Office and has not been abandoned.

L.

As a Fifth Affirmative Defense Against the Second and Separate Claim Against Defendants, defendants allege upon information and belief that plaintiffs have abandoned all claim to the trademark "Duo-Seal" as applied to sealing devices and having abandoned said trademark defendants were free to adopt and use the same.

M.

As a Sixth Affirmative Defense Against the Second and Separate Claim Against Defendants, defendants allege that its customers before adopting defendants' sealing devices and specifying their use subject defendants' sealing devices to very careful and rigorous tests, which tests are sometimes made individually and at other times are made in comparison with the sealing devices manufactured and sold by the plaintiffs and also by others; that by reason of such tests and records made with relation

to the same and [21] closely identified with the defendants' sealing devices, plaintiffs' customers are fully aware of the details of construction of defendants' sealing devices, their source, and the distinguishing characteristics of defendants' sealing devices from those of the plaintiffs.

N.

As a Seventh Affirmative Defense Against the Second and Separate Claim Against Defendants, defendants allege that such copying as may have been done of plaintiffs' trade literature and similar publications has been copying of published material on which plaintiffs have no copyright and which are consequently open to anyone including these defendants to copy if they choose to do so.

Counterclaim

Defendants, Paul A. Karres, Otto R. Grass, and Joe P. Kerley, Complaining of Franklin C. Wolfe Co., Inc. Allege As Follows:

16.

Defendants, Paul A. Karres, Otto R. Grass and Joe P. Kerley reside in Los Angeles County in the Southern Judicial District of California.

17.

That Franklin C. Wolfe Co., Inc., is a corporation duly organized and existing under and by virtue of the laws of the State of California, having its principal place of business in Culver City, County of Los Angeles, State of California. [22]

18.

That the acts of Franklin C. Wolfe Co., Inc. herein complained of have been committed within the Judicial District of the Southern District of California.

19.

That jurisdiction of this counterclaim is conferred upon this Court as the matter arises under the Patent Laws of the United States and 35 USC, Sec. 292, and this counterclaim is brought for the use of the defendants, Paul A. Karres, Otto R. Grass, and Joe P. Kerley as to one-half and for the use of the United States of America for the other half.

20.

That Franklin C. Wolfe Co., Inc. has caused to be printed, published, and used in advertising in connection with so-called Gask-O-Seals the statement "Patent No. 2,396,005" importing that the same is patented for the purpose of deceiving the public, whereas said Patent No. 2,396,005 does not cover the construction of the so-called Gask-O-Seal which fact was known or should have been known by plaintiff, Franklin C. Wolfe Co., Inc.

21.

That Franklin C. Wolfe Co., Inc. has caused to be printed, published, and used in advertising in connection with the unpatented, so-called "Termin-O-Seals" the statement "Patent No. 2,396,000" importing that the same was patented for the purpose of deceiving the public whereas the Termin-O-Seals

are not patented and are not covered by said Patent No. 2,396,000.

22.

That Franklin C. Wolfe Co., Inc. has caused to be printed, [23] published, and used in advertising in connection with so-called one-piece "Lock-O-Seals" the statement "Patent No. 2,396,005" importing that the same is patented for the purpose of deceiving the public, whereas the one-piece Lock-O-Seals are not covered by said Patent No. 2,396,005 which fact was known or should have been known by Franklin C. Wolfe Co., Inc.

23.

That Franklin C. Wolfe Co., Inc. caused to be printed, published, and used in advertising in connection with its "Termin-O-Seals" and one-piece "Lock-O-Seals" the statement "Patents Pending" or words importing that an application for patent had been made thereon, whereas upon information and belief no application for patent had been made on either of said devices, or if made was not pending at the time such advertising was published; that these statements were made in such advertising for the purpose of deceiving the public.

24.

That the exact number of times that the plaintiff, Franklin C. Wolfe Co., Inc. caused the advertisements above mentioned to be printed, published and used in advertising is now unknown to the defendants and defendants consequently pray for an accounting.

Wherefore Defendants Pray

1. That the complaint be dismissed with costs to defendants and that defendants be awarded a reasonable attorney's fee.

2. That the claims of U. S. Letters Patent No. 2,396,005 be adjudicated to be invalid.

3. That defendants be awarded an accounting to determine the extent to which plaintiffs have been guilty of false marking in violation of Section 292 of the Patent Act of 1952. [24]

4. That defendants recover from the plaintiffs the penalty provided in Sec. 292 of the Patent Act of 1952, one-half to the use of the defendants and the other one-half to the use of the United States of America as provided in said section.

/s/ FRED H. MILLER,

Attorney for Defendants. [25]

Affidavit of Service Attached. [26]

[Endorsed]: Filed November 14, 1955.

[Title of District Court and Cause.]

PLAINTIFF FRANKLIN C. WOLFE COMPANY, INC'S. REPLY TO DEFENDANTS' COUNTERCLAIM

Answering Defendants' Counterclaim, the Plaintiff Franklin C. Wolfe Company, Inc., admits, denies, and alleges as follows:

1.

Admits the allegations of Paragraphs 16, 17, 18 and 19 of the counterclaim.

2.

Admits that the words and numerals "Patent No. 2,396,005" have appeared on advertising copy for Plaintiffs' product "Gask O Seal", as part of a general patent legend, admits that the said patent does not cover the construction of the product "Gask O Seal", and except therefor denies generally and specifically each [28] [copy missing]

3.

Admits that the words and numerals "Patent No. 2,396,005" have appeared on advertising copy for Plaintiffs' product "Termin O Seal", as part of a general patent legend through error, admits that the said patent does not cover the product "Termin O Seal", and except therefor denies generally and specifically each and every allegation of Paragraph 21 of the counterclaim.

4.

Admits that the words and numerals "Patent No. 2,396,005" have appeared on advertising copy for Plaintiffs' product one-piece "Lock O Seal", as part of a general patent legend and except therefor denies generally and specifically each and every allegation of Paragraph 22 of the counterclaim.

5.

Admits that the words "Patents Pending" have been used on advertising copy for Plaintiffs' products "Termin O Seal" and one-piece "Lock O Seal" as part of a general patent legend and except there-

for denies generally and specifically each and every allegation of Paragraph 23 of the counterclaim.

FULWIDER, MATTINGLY &
HUNTLEY,
ROBERT W. FULWIDER,
JOHN M. LEE,
/s/ JOHN M. LEE,
Attorneys for Plaintiffs. [29]

Affidavit of Service by Mail Attached. [30]

[Endorsed]: Filed December 6, 1955.

[Title of District Court and Cause.]

MEMORANDUM

This case is one in which a decision is to be made by the Court on the elusive question of invention. The invention in issue concerns a fastener seal to prevent fluid leakage through the opening around bolts, rivets and the like. The seal in question is particularly useful in the aircraft industry where countless numbers of fasteners are passed through the skin and structural members of the ship.

In 1943, during the crisis of World War II, plaintiff Rohr Aircraft Corporation was given the urgent task of constructing integral fuel tanks in the PB2Y-3 aircraft. Prior thereto fuel for the aircraft had been placed in [31] containers within the wings, and it was hoped that by developing a proper fastener the container holding the fuel could be eliminated with the consequent saving of space

and weight. Plaintiff proceeded with the problem as presented and later obtained a patent on the two-piece fastener involved in this law suit.

Defendants or their predecessors were given the job of manufacturing the fasteners. Subsequent thereto defendants or their predecessors fell out with plaintiffs, lost the contract to manufacture the fasteners in question, and thereafter began the manufacture of their own fastener. Plaintiffs filed this action, claiming an infringement of its patent and unfair competition.

Two claims are made in the patent. Plaintiffs admit there is no infringement as to Claim 2 but allege there is infringement as to Claim 1. Claim 1 in part sets forth: “ * * * a washer of rigid material, having a center bore surrounding the shank of the fastener and adapted to make rigid contact with the head of the fastener and a tank wall, and a rubber-like doughnut shaped ring positioned within the bore of the washer, said ring having a diameter greater than the thickness of the washer * * * ” so that when pressure is applied the ring is deformed into sealing contact with the bore of the washer, the shank, the head of the fastener and the continuous portion of said wall.

Claim 2 is similar to Claim 1, except that instead of claiming a rubber-like doughnut shaped ring, the claim is a “rubber-like ring, having a body of circular cross-section and a greater diameter than the thickness of the sealing washer.”

Evidently plaintiffs claim infringement because

of the use of the term "rubber-like doughnut shaped ring." At the trial the Court inquired of plaintiffs as to the [32] meaning of the term "rubber-like doughnut shaped ring," and the only interpretation the Court could obtain was "a ring shaped like a doughnut." In both claims there is a rubber ring. In both claims the rubber ring has a diameter greater than the thickness of the washer so that when pressure is applied the ring will be deformed and fill the space between the bore, the shank, the head of the fastener and the walls. A doughnut shaped ring is certainly a ring that has a circular cross-section.

Although plaintiffs do not designate the rubber rings used in the patent as "O" rings, nevertheless, the Court is of the opinion that the two rings described in the patent must be regarded as belonging to the O-ring family. There is no question but that the use of steel washers is old in the art, and O rings were used many years prior to plaintiff's patent as a sealing ring.

Defendants, in developing their fastener, vulcanized or attached the rubber ring to the steel washer, making it a one-piece fastener. Plaintiffs contend the rubber ring which was used by defendants in their fastener is a "rubber-like doughnut shaped ring." Inasmuch as plaintiffs used the term "rubber-like doughnut shaped ring" in the patent, this term must be strictly construed as against them. The Court is of the opinion the rubber ring used by defendants is not a doughnut shaped ring and,

as a consequence, there is no infringement as to Claim 1.

Defendants contend the patent is invalid. Plaintiff's invention consists of a metal washer which was in the public domain and a rubber-like "doughnut shaped ring" which plaintiffs claim to be new. Evidence in the case disclosed that prior to plaintiff's patent rubber O-rings [33] had been inserted inside steel washers. Plaintiffs' claim must rest upon the shape of the ring, i.e., "doughnut shaped." It is plaintiffs' contention that when pressure is applied the doughnut shaped ring will be distorted or deformed so that it will fill up the voids between the bore of the washer, the shank, the head of the fastener and the wall. Plaintiffs contend there is something about a doughnut shaped ring that makes it more adaptable to being deformed than any other shape ring.

It is apparent from the patent that the doughnut shaped ring has a greater thickness than the washer, but the Court cannot see any reason why a rubber ring, when compressed, will distort easier if it is doughnut shaped than it would if it had a circular cross-section. In other words, when pressure is applied the rubber has to be deformed regardless of the shape it is in at the time the pressure is brought to bear.

The claim states that the rubber-like doughnut shaped ring has a greater diameter than the thickness of the washer. It does not say how much greater—only greater. When there is a certain

void to be filled that void can be ascertained either by mathematical calculation or by a trial and error method. We assume that mathematicians could take the area to be filled, the size of the shank, the head of the fastener and the walls and determine mathematically just how much rubber would be needed to fill the void. On the other hand, the amount of rubber required could be determined by a trial and error method. Thus we come to the question whether or not the determination of the amount of rubber to be used in the sealing ring, either by a mathematical calculation or by trial and error, is invention. We are of the [34] opinion that plaintiffs' claim lacks the definition of "invention" as pronounced by the Supreme Court.

In addition plaintiffs claim unfair competition. Plaintiffs' complaint alleges that defendants appropriated certain trade secrets which were obtained from plaintiffs when defendants or the predecessors of defendants were manufacturing the seals in question. During pretrial conference and discovery proceedings defendants attempted to ascertain from plaintiffs the trade secrets which were alleged to have been appropriated. Defendants were unable to obtain such information. At the trial the officers of the corporation were asked what trade secrets were appropriated, and they were unable to designate the trade secrets referred to in the complaint.

At the time of trial the Court was of the opinion there might be unfair competition because of sim-

ilarity of names of the two seals. The Court was primarily of the opinion that because plaintiffs had called their seal "Stat-O-Seal" and the defendants had named their product "Duoseal" there might be some confusion of names; but it appears from the evidence produced that the term "o-seal" had been used for many years by parties other than those represented in this litigation. Such names as "Aero-seal", "Belloseal", "Flexoseal", "Autoseal" and many, many others have used the combination of "o-seal." Consequently, the Court is of the opinion plaintiffs do not have any priority to use the "o-seal" combination.

It is true that plaintiffs were able to produce one instance in which there had been a confusion between plaintiffs' seal and the defendants' seal; but it is admitted that the seals in question are sold by the thousands to a [35] multitude of manufacturers, and to produce one, isolated incident where there is a confusion does not establish confusion within the meaning of the law. Consequently, the Court will hold there is no unfair competition as alleged in plaintiffs' complaint.

No merit is found in defendants' counter-claim, and judgment on the counter-claim will be in favor of plaintiffs.

Defendants ask for attorney fees, but the Court is not of the opinion that this is a case justifying the award of attorney fees.

Judgment will be ordered in favor of defendants on the complaint and against defendants on the

counter-claim. Defendants' counsel is instructed to prepare findings of fact and judgment in conformity with this memorandum for presentation to the Court for signature on or before August 5, 1957.

Dated this 1st day of July, 1957.

/s/ HARRY C. WESTOVER,
United States District Judge.

[Endorsed]: Filed July 2, 1957.

In The United States District Court, Southern
District of California, Central Division

Civil Action No. 18237-HW

ROHR AIRCRAFT CORPORATION, and THE
FRANKLIN C. WOLFE COMPANY, Inc.,
Plaintiffs,

v.

RUBBER TECK, INC.; RUBBER TECK SALES
AND SERVICE CO.; PAUL A. KARRES;
OTTO R. GRASS; JOE P. KERLEY; DOE
I, DOE II, and DOE III, Defendants.

FINDINGS OF FACT, CONCLUSIONS
OF LAW, JUDGMENT

Findings of Fact

1.

Plaintiff, Rohr Aircraft Corporation, is a corporation of California, and is the owner by assign-

ment of United States Letters Patent No. 2,396,005, issued upon the joint application of Bernard Gross and Leo W. Cornwall.

2.

Plaintiff, The Franklin C. Wolfe Company, Inc., is a corporation of California, and is the exclusive licensee under said patent to manufacture and sell the patented seals.

3.

Defendants manufactured and sold seals alleged to infringe the patent in suit within the Southern Judicial District of California. [37]

4.

Defendants had notice of their alleged infringement.

5.

In 1943, Rohr Aircraft Corporation, plaintiff, was given the task of constructing integral fuel tanks in the PB2Y3 aircraft.

6.

Prior thereto, fuel for the aircraft had been placed in containers within the wings and it was hoped that by development of a proper seal the container holding the fuel could be eliminated.

7.

Plaintiff, Rohr Aircraft Corporation, proceeded with the problem as presented and obtained the patent in suit on a two-piece seal consisting of an outer flat metallic washer and an inner rubber

O-ring, the O-ring being circular in cross-section and slightly thicker than the thickness of the metallic washer.

8.

Defendants or their predecessors were given the job of manufacturing the patented seals for the plaintiff.

9.

Subsequent thereto defendants or their predecessors fell out with plaintiffs, lost the contract to manufacture the patented seals and thereafter began the manufacture of their own seals.

10.

Two claims are made in the patent but only one claim is in issue reading in part

“* * * in combination, a washer of rigid material having a central bore, surrounding the shank of the fastener and adapted to make rigid contact with the head [38] of the fastener and a tank wall, and a rubber-like doughnut shaped ring positioned within the bore of the washer, said ring having a diameter greater than the thickness of said washer and being confined in said washer with opposite sides thereof normally protruding from the opposite faces of the washer, whereby upon the underside of the head of the fastener compressing the rubber-like ring against a portion of one contiguous wall of the tank being fastened together, said ring is deformed into sealing contact with the bore of the washer, the shank, the head of the fastener, and said contiguous portion of said wall.”

11.

Claim 2 which is not in issue is similar to claim 1 except that instead of claiming "a rubber-like doughnut shaped ring" reads in part

"a rubber-like ring having a body of circular cross section and a greater diameter than the thickness of the sealing washer."

12.

Defendants, in developing their seal, molded their rubber against the wall of the bore of the washer and vulcanized and bonded it thereto making a one-piece seal. While the inner portion of defendants' rubber ring is practically semi-circular in cross-section, the outer portion which is molded against and conforms to and is bonded to the bore of the washer is nearly rectangular in cross-section.

13.

Plaintiffs used the term "rubber-like doughnut shaped ring" in the patent and this term must be strictly construed as against them. The use of steel washers was old in the art and O-rings were used many years prior to plaintiffs' patent as sealing rings. [39]

14.

The rubber ring used by defendants is not a doughnut shaped ring. The prior art discloses that prior to plaintiffs' patent rubber rings had been inserted inside steel washers. Plaintiffs' claim of invention must rest upon the shape of the ring, i.e., "doughnut shaped." Plaintiffs contend that

when pressure is applied a “doughnut shaped” ring will be distorted or deformed so that it will fill the voids between the bore of the washer, the shank, the head of the fastener and the wall, and that there is something about a “doughnut shaped” ring that makes it more adaptable to being deformed than rings of other shapes. However, when pressure is applied a rubber ring within a surrounding thinner metal washer has to be deformed regardless of the shape it is in at the time the pressure is brought to bear.

15.

Claim 1 of the patent in suit states that the rubber-like doughnut shaped ring has a greater diameter than the thickness of the washer but it does not say how much greater—only greater. The determination of the amount of rubber required to fill a void between a metallic washer and the shank of a fastener can be determined either mathematically or by trial and error.

16.

There is no invention in the structure defined by claim 1 of the patent in suit nor in determining the amount of rubber to be used in the sealing ring either by mathematical calculation or by trial and error.

17.

Prior patents relied upon by defendants as anticipating the alleged invention claimed by claim 1 of the patent in suit and as demonstrating that the

structure defined [40] by this claim lacks invention are the following:

British Patent to Aircraft Components Limited and Frederick Edward Killner, No. 537,654, July 1, 1941; U. S. Patent to Seligman, 2,191,044, Feb. 20, 1940; U. S. Patent to Hart, 67,539, Aug. 6, 1867; U. S. Patent to Hart, 128,391, June 25, 1872.

none of which were cited or apparently considered by the Examiner in his examination of the application that matured into the patent in suit.

18.

Plaintiffs claim that defendants are guilty of unfair competition alleging that defendants appropriated certain trade secrets obtained from plaintiffs while defendants or their predecessors were manufacturing the patented seals for the plaintiffs.

19.

During pretrial conference and discovery proceedings defendants attempted to ascertain from plaintiffs the trade secrets alleged to have been appropriated but were unable to obtain such information. During the trial officers of the plaintiff, The Franklin C. Wolfe Company, Inc., were asked what trade secrets were appropriated and they were unable to designate the trade secrets referred to in the complaint.

20.

No trade secrets of plaintiffs have been appropriated or misused by defendants.

21.

Plaintiffs have designated and adopted as a trademark for the patented seals the name "Lock-O-Seal."

22.

Defendants have named their product "Duoseal."

23.

The term "O-seal" had been used for many years by [41] parties other than those represented in this litigation exemplified by such names as "Aeroseal," "Bell-O-Seal," "Flex-O-Seal," "Auto-Seal," and many others. Plaintiffs do not have any priority to use the "O-seal" combination.

24.

Plaintiffs have produced one instance in which there has been confusion between plaintiffs' seal and defendants' seal but the seals in question are sold by the thousands to a multitude of manufacturers.

25.

Plaintiffs caused to be printed and published Exhibits 15 and 109 as advertisements of plaintiffs' products.

26.

In Exhibits 15 and 109 in advertising plaintiffs' "Gask-O-Seal" the statement is made "Patent No. 2,396,055."

27.

In said exhibits in connection with "Termin-O-Seal" the statement is made "Patent No. 2,396,000."

28.

In said exhibits in advertising one-piece "Lock-O-Seals" the statement is made "Patent No. 2,396,005."

29.

In advertising "Termin-O-Seals" and one-piece "Lock-O-Seals" the statement is made "Patents Pending."

30.

Plaintiffs do not own Patent No. 2,396,000. This patent has nothing to do with any of the articles involved in this action and the use of this number was a misprint—the number intended being the number of the patent in suit, to-wit, No. 2,396,005.

31.

During the trial demand was made by defendants on the [42] plaintiffs to produce copies of their application which would have justified their use of the words "other patents pending" which demand was denied and no applications have been produced by the plaintiffs supporting or justifying their use of the words in this advertisement "other patents pending."

Conclusions of Law

1.

This Court has jurisdiction of the first cause of action charging patent infringement as the same is brought under the Patent Laws of the United States and the manufacture and sale by defendants of the articles alleged to have infringed oc-

curred within the Southern Judicial District of California.

2.

As plaintiffs have used the term "rubber-like doughnut shaped" ring in the patent this term must be strictly construed as against them.

3.

The rubber ring used by defendants is not a doughnut shaped ring and as a consequence, there is no infringement as to claim 1.

4.

Claim 1 of the patent in suit is invalid in law for lack of invention over the prior art.

5.

Claim 1 of the patent in suit is invalid in law as it is not invention to determine the amount of rubber required to fill the void between the flat metal washer and the shank of the fastener either mathematically or by trial and error method.

6.

This Court has jurisdiction of the second cause of action for unfair competition as the same purported to relate to [43] matters closely related to the acts of defendants charged to be infringements of plaintiffs' patent.

7.

Plaintiffs have not established that defendants have appropriated or mis-used any alleged trade secrets of the plaintiffs.

8.

In plaintiffs' and defendants' trademarks the word "seal" is descriptive and is in the public domain as applied to sealing devices of the character here involved.

9.

The term "O-seal" is not the exclusive property of the plaintiffs as the same has been used by others long prior to the plaintiffs and in some instances on sealing devices.

10.

Defendants' use of the trademark "Duoseal" does not unfairly compete with the plaintiffs' use of its trademarks or trade names "Lock-O-Seal," "Gask-O-Seal," "Termin-O-Seal" and the like.

11.

A single instance of confusion does not establish confusion within the meaning of the law.

12.

There has been no unfair competition as alleged in plaintiffs' complaint.

13.

There is no merit in defendants' counterclaim.

14.

Plaintiffs' complaint should be dismissed as to both causes of action stated therein.

15.

Defendants' counterclaim should be dismissed.

16.

Defendants' prayer for attorneys' fees should be denied.

Judgment

In accordance with the foregoing findings of fact and conclusions of law

It Is Hereby Ordered, Adjudged, and Decreed as follows:

1.

This Court has jurisdiction of the plaintiffs' first cause of action and second cause of action and of the defendants' counterclaim.

2.

That none of the defendants have infringed plaintiffs' Patent No. 2,396,005.

3.

That plaintiffs' Patent No. 2,396,005 is invalid in law as to claim 1 thereof for lack of invention.

4.

That none of the defendants have misused or misappropriated any alleged trade secrets of the plaintiffs.

5.

That defendants' use of the term "Duoseal" as a trademark applied to its product does not unfairly compete with plaintiffs' use of its trademarks on their products.

6.

That there is no merit in defendants' counterclaim.

7.

That plaintiffs' complaint be dismissed with prejudice as to both causes of action stated therein. [45]

8.

That defendants' counterclaim be dismissed with prejudice.

9.

That defendants recover their costs to be taxed in the amount of \$382.41 Dollars.

Dated this 25th day of October, 1957.

/s/ HARRY C. WESTOVER,
United States District Judge.

Approved As to Form:

FULWIDER, MATTINGLY &
HUNTLEY,

/s/ By JOHN M. LEE,
Attorneys for Plaintiffs. [46]

[Endorsed]: Filed and Entered October 25, 1957.

[Title of District Court and Cause.]

NOTICE OF APPEAL

To: Rubber Teck, Inc.; Rubber Teck Sales and Service Co.; Paul A. Karres; Otto R. Grass; Joe P. Kerley; and to their attorneys Fred H. Miller and Stanley A. Phipps:

Notice is hereby given that Rohr Aircraft Corporation and The Franklin C. Wolfe Company,

Inc., the plaintiffs above-named, hereby appeal to the United States Court of Appeals for the Ninth Circuit from the Final Judgment entered in this action on October 25, 1957.

FULWIDER, MATTINGLY &
HUNTLEY,

ROBERT W. FULWIDER,
JOHN M. LEE,

/s/ By JOHN M. LEE,

Attorneys for the Plaintiffs-
Appellants. [47]

Affidavit of Service by Mail Attached. [48]

[Endorsed]: Filed November 21, 1957.

[Title of District Court and Cause.]

CASH DEPOSIT IN LIEU OF
COST BOND ON APPEAL

The sum of Two Hundred and Fifty Dollars (\$250.00) deposited herewith pursuant to Rule 8(e), Local Rules, So. Dist., Calif., is owned by Plaintiffs Rohr Aircraft Corporation and The Franklin C. Wolfe Company, Inc., and shall secure payment of costs if the appeal of Plaintiffs is dismissed or the judgment appealed from is affirmed, or of such costs as the Appellate Court may award if the judgment is modified. This deposit is made pursuant and subject to the Rules 73(c) and 73(f) of the Federal Rules of Civil Procedure, and is hereby subjected to the provisions of Rule 8(c), Local Rules, So. Dist., Calif.

Dated: Los Angeles, California, November 21, 1957.

FULWIDER, MATTINGLY &
HUNTLEY,

/s/ By WALTER P. HUNTLEY,
Attorneys for Plaintiffs-Appellants.

Duly Verified. [50]

Affidavit of Service by Mail Attached. [51]

[Endorsed]: Filed November 22, 1957.

[Title of District Court and Cause.]

NOTICE OF CROSS-APPEAL

To: Rohr Aircraft Corporation and The Franklin C. Wolfe Company, Inc., and their attorneys, Fulwider, Mattingly & Huntley, Robert W. Fulwider and John M. Lee:

Notice is hereby given that Rubber Teck, Inc., Rubber Teck Sales and Service Co., Paul A. Karres, Otto R. Grass, and Joe P. Kerley hereby cross-appeal to the United States Court of Appeals for the Ninth Circuit from the final judgment entered in this action on October 25, 1957.

STANLEY A. PHIPPS,
FRED H. MILLER,

/s/ By FRED H. MILLER,
Attorneys for Defendants-
Appellants.

[Endorsed]: Filed November 25, 1957. [52]

[Title of District Court and Cause.]

ORDER EXTENDING TIME FOR DOCKET-
ING APPEAL AND FILING RECORD
THEREON

The plaintiffs-appellants Rohr Aircraft Corporation and The Franklin C. Wolfe Company, Inc., having on November 21, 1957, filed their Notice of Appeal from the judgment heretofore rendered in this action; now on application of said plaintiffs-appellants, the court being fully advised, and good cause appearing therefor:

It Is Hereby Ordered that the time in which plaintiffs-appellants herein may docket their appeal in this cause and file the record on appeal with the Clerk of the United States Court of Appeals for the Ninth Circuit be, and the same is hereby, extended to and including the 10th day of February, 1958. [53]

Dated at Los Angeles, California, this 17th day of December, 1957.

/s/ HARRY C. WESTOVER,

U. S. District Judge.

Presented by:

FULWIDER, MATTINGLY &
HUNTLEY,

ROBERT W. FULWIDER,

JOHN M. LEE,

/s/ JOHN M. LEE,

Attorneys for Plaintiffs-Appellants.

Affidavit of Service by Mail Attached. [55]

[Endorsed]: Filed December 19, 1957.

[Title of District Court and Cause.]

ORDER EXTENDING TIME FOR DOCKET-
ING CROSS-APPEAL AND FILING REC-
ORD THEREON

The defendants-cross-appellants Rubber Teck, Inc., Rubber Teck Sales and Service Co., Paul A. Karres, Otto R. Grass, and Joe P. Kerley, having on November 25, 1957, filed their Notice of Cross-Appeal from the judgment heretofore rendered in this action; now on application of said defendants-cross-appellants, the Court being fully advised, and good cause appearing therefor:

It Is Hereby Ordered that the time in which defendants-cross-appellants herein may docket their cross-appeal in this cause and file the record on cross-appeal with the Clerk of the United States Court of Appeals for the Ninth Circuit be, and the same is hereby extended to and including the 10th day of February, 1958. [56]

Dated at Los Angeles, California, this 23rd day of December, 1957.

/s/ HARRY C. WESTOVER,
U. S. District Judge.

Presented by:

FRED H. MILLER,
STANLEY A. PHIPPS,
/s/ FRED H. MILLER,
Attorneys for Defendants-Cross-
Appellants. [57]

Affidavit of Service by Mail Attached. [58]

[Endorsed]: Filed December 23, 1957.

[Title of District Court and Cause.]

CERTIFICATE BY THE CLERK

I, John A. Childress, Clerk of the above-entitled Court, hereby certify that the items listed below constitute the transcript of record on appeal to the United States Court of Appeals for the Ninth Circuit, in the above-entitled case:

A. The foregoing pages numbered 1 to 64, inclusive, containing the original:

Complaint.

Answer of Defendants.

Plaintiff Franklin C. Wolfe Co. Inc's. reply to Defendants' Counterclaim.

Memorandum.

Findings of Fact, Conclusions of Law and Judgment.

Notice of Appeal (Plaintiffs).

(Certified Copy). Cash Deposit in Lieu of Cost Bond on Appeal.

Notice of Cross-Appeal (Defendants)

Order extending time for docketing appeal and filing record thereon.

Order extending time for docketing cross-appeal and filing record thereon.

Designation of Record on Appeal.

Defendants-Cross-Appellants Designation of Record on Appeal.

B. Plaintiff's Exhibits Nos. 1 to 11 inclusive; 13, 15 to 31 inclusive; 35 to 44 inclusive; 46; 49; 54 to 68 inclusive; 77 to 83 inclusive; 85 to 92 inclusive; 94 to 112 inclusive.

Defendant's Exhibits A, B, C, D, U, V, Y, Z, AB, AC, AD, AF, AF-1, AF-2, AG, AH, AI, AK.

C. Eight volumes of Reporter's Official Transcript of Proceedings had on:

12/11/56; 12/12/56; 12/13/56; 12/17/56; 12/18/56; 12/19/56; 12/20/56; 12/21/56.

I further certify that my fee for preparing the foregoing record, amounting to \$1.60 has been paid by appellant.

Dated: February 4, 1958.

[Seal] JOHN A. CHILDRESS,
Clerk.

/s/ By WM. A. WHITE,
Deputy Clerk.

In the United States District Court Southern
District of California, Central Division

No. 18237-HW Civil

ROHR AIRCRAFT CORPORATION, et al.,
Plaintiffs,
vs.

RUBBER TECK, INC., et al., Defendants.

REPORTER'S TRANSCRIPT OF
PROCEEDINGS

Los Angeles, California
Tuesday, December 11, 1956.

Honorable Harry C. Westover, Judge Presiding.

Appearances: For the Plaintiffs: Fulwider, Mattingly & Huntley, by Robert W. Fulwider, Esq., and John M. Lee, Esq., 5225 Wilshire Boulevard, Los Angeles, California. For the Defendants: Fred H. Miller, Esq., and Stanley A. Phipps, Esq., 108 West Sixth Street, Los Angeles, California. For the Defendant Joe P. Kerley: Alfred D. Williams, Esq. [1]*

* * * * *

Mr. Fulwider: I have here Exhibits 23 and 28. Does [3] your Honor have an extra soft copy of the patent?

The Court: No, I don't have a soft copy. Have you got a soft copy?

Mr. Fulwider: Here is Exhibit 23, the patent in suit, previously marked for identification, and I call your attention to Exhibit 8.

The Court: Is there any objection to having that in evidence?

Mr. Miller: No.

The Court: It may be admitted in evidence.

Mr. Miller: I just want to make sure which exhibits he is referring to. 23 is the patent in suit. No objection to that. As I recall it, there were about four or five exhibits 8, all marked Exhibit 8.

Mr. Fulwider: I believe that is correct.

Mr. Miller: Will you introduce all of them?

Mr. Fulwider: All right. At this time we would like to introduce both Exhibit 23, the patent in suit, and the several seals which are marked Exhibit 8,

* Page numbers appearing at top of page of Reporter's Transcript of Record.

one of which is attached to this piece of paper I have here in my hand.

The Court: They may be admitted in evidence.

The Clerk: Exhibits 8 and 23. [4]

(The exhibits referred to were received in evidence and marked as Plaintiffs' Exhibits 8 and 23.)

[See Exhibit No. 23 in Book of Exhibits.]

* * * * *

Mr. Fulwider: We have here an example of the sealing device illustrated in the patent that is made identically as shown in Fig. 2 that I would like to have marked at this time as Plaintiffs' Exhibit 81. Exhibit 81 is manufactured exactly as illustrated in the drawing in the patent in suit.

The Court: It may be received in evidence.

The Clerk: Exhibit 81. [8]

(The exhibit referred to was received in evidence and marked as Plaintiffs' Exhibit No. 81.)

Mr. Miller: This is represented to the court as being a sample of what is made in accordance with the patent?

Mr. Fulwider: That's right, made by the plaintiff, Franklin C. Wolfe Company.

Mr. Miller: At the present time? Is it current?

Mr. Fulwider: Yes, and has been for some time. The plaintiff Wolfe Company is also making, and has since 1953, another form of seal under the patent, which originally was marketed as a one-piece Lock-O-Seal, and is now being marketed as a Stat-O-Seal.

I would like to have that marked for identification

as Exhibit 82, and after Mr. Miller has a chance to look at it, it will be offered in evidence.

Mr. Miller: I have no objection to his marking it for identification, but I do object to the introduction of this exhibit. This is not in conformity with the patent in suit.

The Court: We will mark it for identification only, if you have any objection.

The Clerk: 82 for identification. [9]

(The exhibit referred to was marked as Plaintiffs' Exhibit No. 82 for identification.)

* * * * *

FOSTER M. HAGMANN

called as a witness herein by and on behalf of the plaintiffs, having been first duly sworn, was examined and testified as follows:

The Clerk: Will you state your name, please? [36]

The Witness: Foster M. Hagmann.

Direct Examination

Q. (By Mr. Fulwider): Will you state your name? A. Foster M. Hagmann.

Q. By whom are you employed, Mr. Hagmann?

A. Franklin C. Wolfe Company.

Q. That is one of the plaintiffs in this action?

A. Yes, sir.

Q. How long have you been with the Wolfe Company? A. Since late 1946 or early '47.

Q. What is your position with the Wolfe Company?

A. I am vice president and director of sales.

(Testimony of Foster M. Hagmann.)

Q. Have you continuously held the job of being director of sales? A. Yes, I have.

Q. What are your duties in connection with this position, very briefly?

A. Well, I pass on the advertising. I direct the sales activities. At one time I was the sales department.

Q. You were the sales department to begin with?

A. Yes, sir.

Q. Does the Wolfe Company sell all over the United States? [37] A. Yes.

Q. Do your activities include keeping track of sales throughout the country? A. Yes, sir.

Q. Are you generally familiar with the products sold by the Wolfe Company? A. Yes, sir.

Q. Are you generally familiar, at least, with the fastener sealing devices that are offered to the trade?

A. I think my knowledge is fairly extensive, yes.

Q. One of the Wolfe Company products is by the name of Lock-O-Seal, is it not?

A. That is correct.

Q. And Lock-O-Seal is this item, Exhibit 81. Is Exhibit 81 representative of the product sold as Lock-O-Seal? A. Yes, sir.

Q. Does the Wolfe Company also sell a product by the name Stat-O-Seal? A. Yes, sir.

Mr. Miller: I object to that because that is 82 and it has no part in this case.

The Court: Overruled.

Q. (By Mr. Fulwider): I show you Exhibit 82. Will you tell me whether or not that is representative

(Testimony of Foster M. Hagmann.)

of the seals or sealing devices marketed by you as Stat-O-Seal? [38] A. Yes, sir.

Mr. Fulwider: At this time we would like to offer Exhibit 82 in evidence, your Honor, as representative of one form of sealing device manufactured under the patent.

Mr. Miller: I object to that. There is no foundation laid for that.

The Court: Overruled. It may be admitted in evidence.

The Clerk: Exhibit 82.

(The exhibit referred to was received in evidence and marked as Plaintiffs' Exhibit No. 82.)

Mr. Fulwider: 81, I believe, was previously in evidence.

The Court: Yes, 81 is in evidence and 8 is in evidence and 23.

Q. (By Mr. Fulwider): How long has the Wolfe Company sold the product Lock-O-Seal similar to Exhibit 81? A. Since some time in 1947.

Q. Where is your principal market for Lock-O-Seals?

A. Primarily in the airframe industry and the components industry that feeds the airplane.

Q. The aircraft industry generally, could we say?

A. Yes, sir.

Q. Can you tell us a little bit about the sealing problems of the aircraft industry with particular reference [39] to the sealing of fasteners?

A. Yes. It has always—when I first got into the

(Testimony of Foster M. Hagmann.)

business of selling these things, it was presented as a very severe problem for the industry. They were always very loath to go from the wet side to the dry side of anything, a design with a hole or a bolt or anything like that, because they had no adequate means of sealing the fastener after they had put the hole through it. It caused quite a weight penalty to be paid. Weight, of course, is very important in aircraft. If you have to lift too much airplane, you don't have anything to carry in the way of a useful load.

So with the advent of a method of sealing where it could be sealed, and sealed more or less permanently, the aircraft designer was given a very valuable tool. He could lighten up his structure. He could also be sure that in the event he fastened anything to the wall of the tank, it was going to be permanently sealed so there would be no dangerous or explosive condition.

Q. Is this problem of leakage of fuel a particularly acute problem in the industry?

A. It has always been an acute problem, and particularly with the advent of the so-called integral tank, where they did not use the bag inside, and they merely sealed up the structure and poured the wings full of gasoline, high octane gasoline. [40]

Q. Was it a problem prior to the advent of the integral tank?

A. Yes. The problem of sealing seems to have always been with the industry. They have always complained. Previously, when we first started pro-

(Testimony of Foster M. Hagmann.)

ducing these, they complained there had never been a good way of sealing them.

* * * * *

The Witness: I might add a little bit more to that and say that in some cases it was an impossibility to seal under those circumstances and really seal.

Q. (By Mr. Fulwider): Can you give us an instance of the extent to which the industry was plagued with leakage in the early days?

A. Yes. It came to me from people who had worked with the integral tank that there was some question as to whether certain airplanes would ever be manufactured simply because they could not seal them. [41]

* * * * *

Q. (By Mr. Fulwider): Mr. Hagmann, would you explain briefly for the court how the Lock-O-Seal and the Stat-O-Seal solved this sealing problem of leakage around fasteners?

A. Well, I am not too technically inclined, perhaps, and I think the experts will have to give a better explanation than this, but essentially this ring was brought into sealing contact in such a way that even in the event the structure was flexible, the ring, the rubber would sort of follow the line of deflection so that you always had sealing contact even if the fastener was moved a little bit.

Q. In other words, the rubber hugs the shank of the shaft and the walls generally of the cavity?

A. Yes, and sets up what they call a continuous

(Testimony of Foster M. Hagmann.)

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(Testimony of Foster M. Hagmann.)

line contact in the leakage paths that are present in the fastener. [43]

Q. Would you touch briefly on the disadvantages of having rubber extruded from a cavity when the bolt is cinched down? A. Having what?

Q. Having the rubber extrude, be forced outwardly through the crevices.

A. Yes. In the first place, the aircraft structure carries a tremendous load. Each fastener is what they call stressed almost to the ultimate in order to gain the weight saving that they want. If the rubber extrudes out from under the shank or under the head, I should say, of the bolt, it causes the fastener to become loose and it keeps flowing out. Then your fastener gets loose, and when the rubber is extruded far enough, then it will leak. It had been tried, a certain large airplane had seals of this type on it, where the thing wasn't metal-to-metal, so to speak, and they had a great deal of a problem with it.

As a matter of fact, it was said that at one time it was necessary, if you went under the wing when it was loaded with gas, to carry an umbrella. It was actually that bad.

The Court: Let's go back a minute. You say at one time they did try putting a rubber ring inside of a steel ring so that the rubber extruded, is that what you are trying to tell me? [44]

The Witness: No, your Honor. I meant they had tried a flat punch washer, just like an ordinary washer would be, only of rubber, and put it under the bolt head like a washer would be.

(Testimony of Foster M. Hagmann.)

The Court: They tried putting the rubber washer underneath the bolt head, is that what you are trying to tell me?

The Witness: Yes, and then found someone made one that was a metal washer and it had rubber on the face of the washer, or what would be the under part of the washer, so that the metal of the washer would be in contact with the head of the bolt.

The Court: Then you mean to tell me the rubber washer was sealed to the underside of the metal washer?

The Witness: Yes, it was attached.

The Court: Attached. Sealed or vulcanized or something.

The Witness: Well, I think it was vulcanized, yes, or glued or bonded by heat and pressure, I suppose you would call it.

The Court: My understanding is your testimony is prior to this particular invention someone had used a metal washer in which they had sealed a rubber washer underneath.

The Witness: Not prior to the advent of the Lock-O-Seal. I should clarify it. It was actually an attempt to [45] get around the Lock-O-Seal.

The Court: That wasn't your testimony. Your testimony was someone had tried it, and I got the impression it was before the invention here.

The Witness: No, no, it wasn't before the invention. It was after the invention.

The Court: It was after the invention?

The Witness: Yes, the Rohr invention, after that.

(Testimony of Foster M. Hagmann.)

The Court: All right.

The Witness: I'm sorry.

Q. (By Mr. Fulwider): Now, I am a little unclear. That is the first I heard of this. As I understand the testimony, you had some rubber on the flat side of a flat metal washer, is that what you said?

A. That's right, yes.

Q. Then they cinched it down and the rubber tended to square out?

A. The rubber would extrude out, and I think our test showed the bolt would lose 50 per cent——

The Court: When did you first see these washers, the rubber vulcanized on the underside?

The Witness: I think it would be about '48 or '49. I think I could——

The Court: Did you ever see any of them used?

The Witness: Yes, and we replaced them. [46]
We ultimately sold a great many Lock-O-Seals to replace them.

The Court: I am not interested in that part of it. When did you first notice that the rubber extruded?

The Witness: Well, you mean when did I first see it extruded?

The Court: Yes, you said it did. Are you testifying to something you saw or something somebody told you?

The Witness: It was common knowledge among the engineers who worked with it, and they told me that it did, and I think that subsequently we had samples of them and did see that they extruded.

The Court: When did you first have knowledge

(Testimony of Foster M. Hagmann.)

of the metal washer with a rubber washer attached or vulcanized to one side?

The Witness: I would say it was about 1948, your Honor. I don't know that there is anything in the records that would show it.

The Court: When did you first know that it was unsatisfactory because the rubber washer would squash out?

The Witness: Well, shortly after I saw it, because the engineers told me it was happening, not our engineers, but the engineers who used them. As a matter of fact, it was so unsatisfactory that they finally modified the design. I might add this, if it is relevant, that that company now does not use those. They have gone completely to our Lock-O-Seals [47] and Stat-O-Seals.

The rubber being unconfined—unconfined rubber does not make a good seal because it has a tendency to fatigue and finally it doesn't resist the deformation.

The Court: All right.

Q. (By Mr. Fulwider): What was the name of the company that made those washers that you have been mentioning?

A. It was the Los Angeles Standard Rubber Company.

Q. Your first connection with the seal business was in 1947, was it, or 1946?

A. Yes. I might add that I have done some flying of airplanes as early as 1919 and 1920, and I actually did do a little piloting around 1925, and had been

(Testimony of Foster M. Hagmann.)

around airports like all fellows of my age at that time, and you could always see the oil dripping out, you know. That was always the problem.

Q. These washers made by—what was it?

A. Los Angeles Standard Rubber.

Q. Los Angeles Standard Rubber Company, when did you first see them with respect to the time that you started your employment with the Wolfe Company?

A. It was subsequent to that. I can't be too sure, but I think it was around 1948.

Q. Could you summarize by telling us generally the advantages, if any, of the Lock-O-Seal type of washer or sealing [48] device, shall we call it?

A. Well, in spite of the fact that it was a two-piece seal, it was not too difficult to assemble. It was so simple with the Lock-O-Seal to just stick it on the bolt and you knew you had a seal. This is the important thing. You had a seal every time.

Of all the numbers of them that we have sold and that have been used, the u.r.s or unsatisfactory reports, as they call them, in the ships in service have been almost nil, and we always made it a point to call them up, because we felt responsible for the performance of these things. Whenever we got an unsatisfactory report, we insisted with the customer on following it and almost always it was either a misapplication—that is, they put it where it didn't belong, under temperatures that were too great for that particular type of rubber, or they would do things like trying to—well, they tried to put another

(Testimony of Foster M. Hagmann.)

type of rubber in or they would put an outside piece of rubber in. They would do a lot of things, you know, because they hadn't seen them before.

Q. I have been thoroughly educated. Are the Lock-O-Seals replaceable or, rather, re-usable?

A. Yes, they are re-used.

Q. How about tightening them up? Do you need any special tools, or put it this way, is it possible in many instances to tighten them by hand so you get a good effective [49] seal?

A. Yes. At one time in the Navy Laboratory, we tightened up one finger tight and brought it up to 5,000 pounds per square inch pressure and there was no leakage at all.

Q. That was a Lock-O-Seal?

A. That was a Lock-O-Seal, yes, sir.

Q. You mentioned this matter of installation. Were there complaints or, rather, were there requests from about the early stages of the sales by the Wolfe Company of Lock-O-Seals to try and develop a one-piece sealing device or a one-piece Lock-O-Seal?

A. Yes, there had been. The first time it had been asked for was at the time when we were having a meeting with Douglas Aircraft, and they raised an objection to the two pieces and said, "Will you make a one-piece?" That is the first time it had been mentioned.

The Court: When was that?

The Witness: This was in 19—I believe it was the early part of 1947.

(Testimony of Foster M. Hagmann.)

Q. (By Mr. Fulwider): Did you from time to time get similar requests from some of your other customers saying, "If you can have these two pieces fastened together, we would like to have it"?

A. Yes. There were lots of requests for it. It was common knowledge. Certainly we recognized the fact that one [50] piece was going to be a little handier than two pieces. [51]

Q. Did you get Wright Field or armed services approval for the Lock-O-Seal?

A. Yes, we did.

Q. And subsequently got it for the Stat-O-Seal?

A. Yes, we had approval.

Q. Tell me very briefly for the record the names of some of the major aircraft companies who have been large purchasers of Lock-O-Seals.

A. Boeing Aircraft Company, Douglas Aircraft, all of their divisions, North American Aviation, Chance-Vaught Aircraft, Grumman Aircraft, Republic, Glenn Martin Company, Radioplane, Marquardt Aircraft Company—just about everyone that was in the business then has bought them and most of them are still buying Lock-O-Seals in some quantities.

Q. I didn't hear the last part of it.

A. Most of them are still buying even Lock-O-Seals in some quantities.

Q. Does that mean today they are buying both Lock-O-Seals and Stat-O-Seals?

A. Yes, sir.

Q. Did you have prepared some figures outlin-

(Testimony of Foster M. Hagmann.)

ing or showing the sales of Lock-O-Seals and Stat-O-Seals over a period of years?

A. Yes, I did. [53]

Q. I call your attention to Exhibit 78, which has two parts. The first sheet says Sale of Lock-O-Seals, Month and Year, August 31, 1956, and the second sheet has Sale of Stat-O-Seals, Month and Year, August 31, 1956. This has been previously marked as Exhibit 78. Were those figures prepared at your request by your bookkeeping department?

A. Yes, they were.

Mr. Miller: I think there is no proper foundation laid for this.

Mr. Fulwider: I am not through yet.

Q. Are the records from which those figures were made the company records?

A. Yes, sir.

Q. Kept in the usual course of business?

A. Yes, sir.

Q. And have you examined the figures on the two sheets of Exhibit 78?

A. Yes, sir.

Q. Can you tell me whether or not they appear to be correct?

A. They appear to be correct, yes, sir. I might say that we took it dollarwise and multiplied it by 20. In other words, we chose a median figure of 5 cents each.

Q. I believe your Exhibit 78 is in dollars.

A. Yes, sir. [54]

Q. And that stops at August 31, 1956?

A. Yes, sir.

(Testimony of Foster M. Hagmann.)

Mr. Fulwider: I would like to offer this in evidence with that foundation, your Honor.

Mr. Miller: I don't think there is any proper foundation as far as he is concerned. It is merely hearsay prepared by somebody else.

The Court: Under his supervision.

Mr. Miller: I didn't understand it that way.

The Court: Do you want him to bring in the books and records?

Mr. Miller: No. I want to know what he knows about the accuracy of these figures.

The Court: Overruled. It may be received in evidence.

The Clerk: Exhibit 78.

(The exhibit referred to was received in evidence and marked as Plaintiffs' Exhibit No. 78.)

[See Book of Exhibits.]

Q. (By Mr. Fulwider): Did you subsequently project or complete the column for 1956 to arrive at a total up to date and then project it to the end of the year, figures which you subsequently had prepared under your supervision?

A. Yes, sir, we did.

Q. Let me ask you this. You also prepared for me figures of the estimated number or numbers of Lock-O-Seals and [55] Stat-O-Seals sold, did you not?

A. Yes, sir.

Q. And that was based on the dollar figures in Exhibit 78?

A. Yes, sir.

Q. Plus the additional figures since August?

(Testimony of Foster M. Hagmann.)

A. Yes, sir.

Q. What was your method of arriving at these figures on the numbers of seals sold?

A. We chose a figure of 5 cents each, which is actually very conservative, because the smaller sizes were the larger sellers, and they sold for considerably less than 5 cents apiece in great quantities.

Q. I have here a chart marked for identification as Exhibit 83. Was that chart prepared under your supervision, Mr. Hagmann?

A. Yes, sir.

Q. Will you explain to me—first, there are three curves or graphs on this chart, one starting at the bottom in green, the year 1948, a red line starting 1952, and a bluish, I guess it is, line starting 1953. Will you explain to the court the significance of those three charts? Can you see it from where you are?

A. Yes, I can see it.

Q. You can come down here, if you want to. [56]

A. It is combined to show the number of Lock-O-Seals and the number of Stat-O-Seals that have been sold. You will note that, I believe it is the green one, is the Lock-O-Seal starting out in 1948, and the tough sledding I referred to is reflected in the line. Then at the beginning of 1949, it started climbing very rapidly. Then in the lower right-hand corner——

Q. That is the blue curve?

A. Yes, beginning in 1953, it shows the growth

(Testimony of Foster M. Hagmann.)

of the sales of Stat-O-Seals. The red line above shows the combined totals of pieces sold.

Q. Now, I believe the chart basis are in millions, are they? A. Yes.

Q. So that the total of Lock-O-Seals sold between 1948 and 1956, the end of 1956, is 60 million, is that correct?

A. That is 60 million, that's correct.

The Court: Is that the sale per year or the total?

Mr. Fulwider: That is the cumulative number, your Honor.

The Witness: The cumulative total.

The Court: Cumulative?

The Witness: Yes.

Q. (By Mr. Fulwider): I believe this blue line graph beginning in 1953 winds up in 1956 with what? About $12\frac{1}{2}$ — [57] what would you say that figure is?

A. Roughly $12\frac{1}{2}$ million, yes.

Q. And the red line winds up with what here in 1956?

A. About, I should say, about between 70 and 73 million.

Q. You say that you took, in order to arrive at those figures, an average of 5 cents per seal for all sizes? A. That's right.

Q. Is that a conservative estimate?

A. Yes. The average, I think would be somewhat below that figure, because in large quantities they sell for as little as about $3\frac{1}{3}$ cents each. I

(Testimony of Foster M. Hagmann.)

might add one thing, and that is that it was a very inexpensive method of accomplishing this thing. It was so simple that the engineers used to kick themselves because they hadn't thought of it first, it was so easy.

Mr. Fulwider: I would like to offer the chart in evidence, your Honor, as illustrative of the witness' testimony and the figures derived from Exhibit 78.

The Court: It may be received in evidence.

The Clerk: Exhibit 83.

(The exhibit referred to was received in evidence and marked as Plaintiffs' Exhibit No. 83.)

Mr. Fulwider: That's all, your Honor, of this witness. [58]

Cross Examination

Q. (By Mr. Miller): You started with the Wolfe Company in the latter part of 1946 or the early part of 1947, is that correct?

A. Yes, sir.

Q. Were they manufacturing or having anything to do with Lock-O-Seals at that time?

A. I believe that it was first presented to us just about that time, yes. I think it was the latter part of 1946.

Q. At the time that you entered Wolfe's employment?

A. Yes, sir.

Q. Did you keep any records of sales during the year 1947?

A. I believe that there are some records, yes.

(Testimony of Foster M. Hagmann.)

Of course, the royalty figures give a good key to what the sales were.

Q. Do you have the 1947 figures on the exhibit that is before you there?

A. No. The figures were so negligible that it was not considered.

The Court: Let's have this marked. Why did you start with 1950?

The Witness: I believe it starts in 1948, your Honor.

The Court: But this one here—— [59]

The Clerk: This is 78.

The Court: In Exhibit 78 you started with 1950.

Mr. Fulwider: I should explain to the court, but I forgot. I'm sorry. At the time we filed Exhibit 78 in August we didn't have the figures then for 1949 available, and so what we did was subsequent to that went back and got them.

The Court: Have you got them now?

Mr. Fulwider: Yes.

The Court: Suppose they be added to this.

Mr. Fulwider: I have a poor print here. We will have the originals, which are more readily available to put in, so suppose we mark this—no, not that.

The Court: That can be marked 78-A.

Mr. Fulwider: What I have done here is to have them added right on our copy of it. Make it 78-A.

The Court: 78-A, and that will take care of the years prior to 1950.

(Testimony of Foster M. Hagmann.)

Mr. Fulwider: And then we will substitute a clearer copy afterwards.

The Clerk: Is this in evidence?

The Court: In evidence, yes.

The Clerk: Exhibit 78-A.

(The exhibit referred to was received in evidence and marked as Plaintiffs' Exhibit No. 78-A.)

[See Book of Exhibits.]

Q. (By Mr. Miller): What I want to know is this. Why [60] did you start in 1948 and not in 1947?

A. Well, the figures—they were so few of them sold in 1947. The figures were very low. They would not have materially affected the totals.

Q. Did you make any effort to sell these during 1947? A. Yes.

Q. Did you approach the airplane companies?

A. Yes.

Q. During that period? A. Yes, sir.

Q. What was the difficulty about selling them in 1947?

A. For one thing, they weren't doing very much design work. You remember that right after the war the airplane industry went down almost flat. We weren't going to have any more war.

Q. During 1947, didn't you have planes with leaky tanks?

A. I presume there were, yes.

Q. Did you undertake to sell these to fix up the leaks in 1947?

(Testimony of Foster M. Hagmann.)

A. It isn't quite so easy to get on an older airplane. They are very loath to make any changes, any blueprint changes. Nor in the matter of commercial airplanes, they do not put a part on an airplane unless it is approved by the manufacturer. The manufacturer seems to take the position [61] that once it is out, they don't want to go through a lot of blueprint changes. They are very costly. Just to take and put one Lock-O-Seal on an airplane might cost several thousand dollars and more in print changes.

The Court: According to 78-A, your first sale is in November and December, 1948 of \$181.16. Up to that time sales hadn't amounted to very much, had they?

The Witness: No.

Mr. Fulwider: In 1948 that is the total. We didn't do it by the month in 1948.

The Court: You mean to say the total for 1948 is \$181.16?

Mr. Fulwider: That is my understanding, your Honor.

The Witness: That's right.

The Court: And in 1947 it was even less than that?

Mr. Fulwider: Yes. I guess not much less.

The Court: You will agree it is negligible?

Mr. Fulwider: Yes. That is why we didn't show it here.

The Court: All right.

Q. (By Mr. Miller): Beginning in 1948, were

(Testimony of Foster M. Hagmann.)

the airplane companies, as you call them, starting to design? A. Yes.

Q. New planes, and these were sold for use on these new [62] planes if the manufacturer decided to adopt the Lock-O-Seal, is that it?

A. The first sales of any size were made for use on drop tanks, to seal the attaching bolts that attached the hook that in turn fastened the drop tank onto the wing tip.

Q. Will you explain to the court and also to me, please, just exactly what is a drop tank?

A. A drop tank is one that is usually out at the tips of the wings, and sometimes carried under the fuselage, with additional fuel. The lines run down into them. It adds a great deal of range to an airplane.

The Court: Don't you mean it is a tank that can be dropped after it is drained dry?

The Witness: Yes, sir.

The Court: Isn't that what you are talking about?

The Witness: Yes.

Q. (By Mr. Miller): Was it the introduction of these drop tanks that caused this rise in sales beginning along about 1949 and 1950?

A. It had some effect, but the increased activity in the airframe business is reflected in these sales, too. The drop tanks were a very important part of it, but they were not the whole story.

Q. Are those the important factors to explain

(Testimony of Foster M. Hagmann.)

this rise in 1949 and 1950, the innovation of drop tanks and change in [63] design?

A. I don't know that I understand the question, counsellor.

A. I will let you do the talking. What is your explanation of this rise in sales beginning in 1949 and 1950, whereas during 1947 and 1948 your sales were pretty small?

A. There was a general increased activity in the airframe business and that, of course, was reflected in greater sales because they were now beginning to build airplanes again. They had gone through the design stages. They had called out the Lock-O-Seals on the planes and also on the drop tanks, and then when they got into production, we began to make some sales.

Q. Prior to your entering the employ of the Wolfe Company, what was your business?

A. I had been in the selling business.

Q. Selling what?

A. I had been associated with the publishing business, with the Saturday Evening Post, as a sub-contractor of circulation.

Q. Had you had any connection with the sealing business or rubber business?

A. Only, as the judge would say, watering the lawn, or something like that having washers. I, of course, drove automobiles and they had leaking problems, too, as you know. [64]

Q. What was the occasion of this development by the Los Angeles Standard Rubber to make up

(Testimony of Foster M. Hagmann.)

a washer with rubber on one side of the washer, which I understood took place about 1948, was it?

A. To the best of my recollection, yes. It was such a poor seal that we didn't pay much attention to it. If they sold one, then it meant a sale for us, because we would go along behind them and give them a seal that would work.

Q. What I am after is why was that development ever made when Lock-O-Seals were available through your company in 1948?

A. It was evident to the engineers in the air-frame business that this Lock-O-Seal was going to be a very great commercial success, and the obvious thing for anyone to do is that they wanted to get around the Lock-O-Seal, and the obvious thing would be to try to make a Chinese copy of it, as they call it.

The Court: You know, Lock-O-Seal wasn't a success in 1948. You only had \$181.16 in 1948. Why did you make statements like that, because even in 1949 you only had \$16,000 worth of sales.

The Witness: Your Honor, you see, it is about as I said. About 18 to 36 months, as a general rule, from the date——

The Court: But you are trying to tell me what the [65] engineers thought, that this was going to be such a howling success. How do you know what the engineers thought? You had only sold a few hundred of them.

The Witness: Let me explain it this way. The sale is actually made, intangibly of course, the day

(Testimony of Foster M. Hagmann.)

that the engineers put it on the blueprint and the engineer says, "We will seal this bolt with this." The sale is actually made then. He has bought the idea, but he can't buy the part until they start actually building the airplane.

The Court: The engineers might have designed it that way, but you didn't sell anything until 1948 to amount to anything, didn't sell enough to count. In 1949 you started out with 16,000. 16,000 doesn't indicate to me an invention is going to be a howling success.

The Witness: It showed the means of the licking of the problem. The engineers had been familiar with the problem for many years, and when they saw them and ran them through tests, and so forth, and saw what they would do, they immediately started using them.

The Court: I don't mind you testifying to what you know, but when you try to tell me this is going to be a howling success in 1948 and 1949, I don't know why you say that, on what you base your information.

The Witness: Well, of course, there are many thousands and thousands of fasteners in an airplane. [66]

The Court: Yes, and they had been using them in 1947 and 1948.

The Witness: They weren't building many airplanes in that time, any airplanes to speak of.

The Court: They used them all during the war. They had thousands of airplanes during the war.

(Testimony of Foster M. Hagmann.)

They used fasteners of some kind.

The Witness: I don't believe Rohr had done very much in offering them for sale.

The Court: I am not talking about Rohr.

The Witness: They were the only ones that were using them then.

The Court: I am talking about the industry generally. If they had to use fasteners, they used fasteners all the time, didn't they?

The Witness: Yes, they did, but wherever I went, they didn't know anything about the Lock-O-Seals.

The Court: Don't give me your conclusions unless you have some basis on which you base your conclusions, because I don't doubt that this has been a very big success. I don't doubt that at all, but I doubt very much if anybody in 1948 or 1949, from the sales you made, could have prophesied this was going to be a great success. The inventor may have thought it would be a great success.

The Witness: The inventor was very excited about it [67] because it had solved a very tough problem, but I can only say, your Honor, in calling on the airframe industry, as we call it, throughout the United States and talking to literally hundreds of engineers, it was with quite a lot of unanimity that they pronounced this as the answer to one of their problems. Many of them said, "We wish we could have developed it ourselves." So I knew it was going to be a success. It had to be a success from the reports we got from the engineers.

(Testimony of Foster M. Hagmann.)

The Court: If I remember correctly, the inventor of the zipper knew it was going to be a great success, but nobody would take it up until a long time later, isn't that right?

The Witness: I don't know about that. I am not familiar with that. It certainly is a success now.

The Court: The inventor is sold on these things, he knows it is going to be a success, but there is only one way to prove success and that is use.

The Witness: That is true.

The Court: So when you say in 1948 everybody knew this was going to be a great success, I think it is rather speculative.

Well, it's 12:00 o'clock. Maybe this is a good place to break for the lunch period.

I might say for the benefit of counsel who have not [68] been in this court before, that we quit promptly at 12:00 and we come back promptly at 2:00 o'clock, and we will quit at 4:00 o'clock in the afternoon.

Court will now stand in recess until 2:00 o'clock.

(A recess was taken to 2:00 p.m.) [69]

Tuesday, December 11, 1956, 2:00 P.M.

The Court: You may proceed.

FOSTER M. HAGMANN

the witness on the stand at the time of recess, having been heretofore duly sworn, was examined and testified further as follows:

Cross Examination—(Continued)

Q. (By Mr. Miller): During the year 1948 to what extent did you personally call on the trade for these Lock-O-Seals? A. To a great extent.

The Court: "Great" doesn't mean anything. To what extent?

The Witness: I called on all of the local air-frame companies and those in San Diego, and I believe I made one trip to the East during that time calling on McDonnell and other aircraft companies in the East.

Q. (By Mr. Miller): How many different sizes of Lock-O-Seals did you have or were you carrying to sell during the year 1948?

A. I don't remember the exact number of sizes.

Q. Was it about three?

A. More than that.

Q. How many more, would you say? 20? [70]

A. I would say about 15 or 20, probably.

Q. During that period of time, was the Rubber Teck Company manufacturing the Lock-O-Seals that you were selling?

A. I believe they were, yes.

Q. Was there any occasion to develop any additional sizes during that year?

(Testimony of Foster M. Hagmann.)

A. I don't remember.

Q. Do you recall whether or not the Rubber Teck Company during that year developed some new molds for making the Lock-O-Seals?

A. I don't recall specifically, no.

Q. Do you recall making any payment to the Rubber Teck Company for the development of new molds?

A. No.

Q. I couldn't hear you. A. No.

Mr. Miller: That's all. Thank you.

Mr. Fulwider: I have a couple of questions I would like to ask.

Redirect Examination

Q. (By Mr. Fulwider): Mr. Hagmann, I believe you mentioned this morning that there was a lag of something over a year normally from the time that planes were designed or, I believe, as you put [71] it, put on paper and actually got into production, is that right?

A. That's right, yes.

Q. Will you amplify perhaps a little more the sales procedure, and particularly in the early years, 1947 and 1948, when the Wolfe Company was just starting into the merchandising of Lock-O-Seals, as to how you sell these and the time involved?

A. Well, the initial contact is made——

Q. Speak up, will you, please?

A. The initial contact is usually made with the engineer, and he, shall we say in the selling vernacular, is sold the idea that it is good, or he sees it and buys the idea that it is good, and then he

(Testimony of Foster M. Hagmann.)

waits for an application. Airplanes are built in bits and pieces, of course, and sometimes the sealing end of it comes late in the game, and sometimes early in the game, usually toward the latter part of the design. Then it is put on the blueprint, called out by the size and the number et cetera. Then no procurement is made until such time as the bill of materials is made for the airplane, that is to say, they list everything that they are going to use, and then they buy it just a month or two, usually, before they start using them.

Q. Then do I understand correctly that there was a considerable lag between the time that you, as you say, sold [72] the engineers or presented the problem to the engineers, and you actually delivered the seals and invoiced them?

A. That is correct, yes.

Q. In 1947 and 1948, say from 1947 into 1949, about what would that average lag be between your call on the engineers to educate them on your product, and when you might expect orders?

A. It would be in the order of 18 months to two years, as a rule.

Q. So that the selling activity that you engaged in in the latter part of 1947 came to fruition, so to speak, in late 1948 or early 1949?

A. That's right.

Q. Is that true of your selling activities in 1948, that the bulk of dollars in those activities would have come in in 1949 and possibly would have been as late as 1950?

A. Yes, sir.

(Testimony of Foster M. Hagmann.)

Q. Was it necessary during the early years, 1947 and 1948, and we will say 1949, to do much educating with the engineers of the various companies upon whom you called? A. Yes, it was.

The Court: May I ask this witness a question?

Mr. Fulwider: Yes.

The Court: You talked to the engineers of the airplane companies. Did you ever talk to the draftsmen? [73]

The Witness: I think you would say the draftsmen are generally considered to be engineers, my understanding of engineers.

The Court: Isn't it true the first thing that happens in the building of an airplane is that you draw some plans, you draft the plans, and you don't start building until you have your blueprints?

The Witness: That is correct.

The Court: Is it true that when you are building a blueprint or you draw a blueprint, the blueprint would specify this kind of washer?

The Witness: Yes, sir. It would call it out by the name and say where they would be and how many of them.

The Court: In 1947, for instance, how many blueprints did you see in which these washers were specified?

The Witness: I don't believe I could tell you that, your Honor. There were lots of them I looked at. Actually, it was the latter part of 1947, before we really had gotten them educated, and I believe

(Testimony of Foster M. Hagmann.)

that was just about the time that they began to consider additional procurement.

The Court: Your testimony is in 1947 and 1948 they started to put into the blueprints the requirement for this particular kind of washers.

The Witness: Yes, sir.

Q. (By Mr. Fulwider): Am I correct, Mr. Hagmann, that [74] the people who make the decisions as to what is called out in the blueprints are usually not the people who actually make the drawings themselves, but the design engineers?

A. That's right.

Q. So that your activities were with the design engineers? A. Yes, sir.

Q. And then they decide what they would have.

A. Yes, sir.

Q. And then they were drawn up by someone else. A. By a draftsman, yes.

Q. And then subsequently they would go into production. A. That's right.

Q. Can you tell me anything or do you know anything of the general state of activity of the aircraft industry in 1947 and 1948?

A. There was some little design going on, toward the latter part of the period there was quite a lot of activity, but in the early part there was none.

Q. Was there very much production, and when I say very much I mean compared to what it was up to the moment of the end of the war and what it became later in 1950 and 1951?

A. Right after the war it was chopped off, went

(Testimony of Foster M. Hagmann.)

to nothing, practically nothing. They were doing some commercial [75] building, but that was all.

Q. How long did the production of aircraft stay at practically nothing subsequent to the war?

A. It was about 1948 when it really started to pick up again.

Mr. Fulwider: I believe that's all we have of this witness, your Honor.

The Court: Mr. Miller?

Mr. Miller: I have another question, your Honor.

Recross Examination

Q. (By Mr. Miller): On these blueprints you have referred to, how are these seals identified? In other words, how would they identify whether an engineer wanted to use a Stat-O-Seal or a Lock-O-Seal?

A. These early blueprints, there were no Stat-O-Seals, as I recall it.

Q. What is the present practice?

A. They call them by trade name, as a general rule, or a part number.

Q. If he wants a Lock-O-Seal, he puts down Lock-O-Seal, does he?

A. Or the part number.

Q. You have a part number for the Lock-O-Seal? [76]

A. Yes, sir.

Q. If he wants a Stat-O-Seal, does he put down the part number for that, or does he call it Stat-O-Seal?

(Testimony of Foster M. Hagmann.)

A. Usually they call them both, usually they call them by both, or quite frequently.

Q. By both names?

A. By the name of Stat-O-Seal and the part number.

Q. Then you have a double identification, the trade name and the part number that you assign to that particular part?

A. Sometimes, but not always.

Q. Are these engineers careful to ascertain whether or not the particular seal that they use at a certain location in the design of the plane has approval?

The Court: Approval of whom?

Mr. Miller: Wright Field frequently.

The Court: I beg your pardon?

Mr. Miller: Wright Field.

The Court: Approval of whom? The government?

Mr. Miller: Yes, approval of the government, Wright Field.

The Witness: They can have Wright Field approval.

Q. (By Mr. Miller): Isn't that the usual requirement, that they ascertain whether or not the part does have approval before they incorporate it in the design of the plane? [77]

A. Not always.

Q. Is that usual?

A. It is customary, yes.

Q. Prior to 1948, did the Wolfe Company have

(Testimony of Foster M. Hagmann.)

any Lock-O-Seals to sell? A. Yes.

Q. And from whom did they acquire those Lock-O-Seals? A. I don't remember.

Q. Did they ever acquire any Lock-O-Seals to sell from the Industrial Specialties Company?

A. I presume so, yes.

Q. Weren't you with the company at the time?

A. Yes.

Q. When they acquired seals from the Industrial Specialties Company? A. Yes.

Q. Now, here in this Exhibit 81, this inner rubber ring, is that an O ring?

Mr. Fulwider: I would object to this question. This is going beyond the scope.

The Court: You call it doughnut shaped ring and he is calling it an O ring.

Mr. Fulwider: I have no objection to the question at the proper time with the proper witness, but I believe the technical aspects of this are going beyond the scope of the [78] direct examination of this witness.

The Court: Overruled.

The Witness: I think they are commonly referred to as O rings.

Q. (By Mr. Miller): Do you have anything to do with the copy gotten out in the form of advertising of Lock-O-Seals or Stat-O-Seals?

A. Yes.

Q. Do you approve of it?

The Court: Wait a minute. Do you mean does he have anything to do with it now or did he have

(Testimony of Foster M. Hagmann.)
anything to do with it back in 1947 and 1948?

Q. (By Mr. Miller): I will pin down the time to about 1955. A. Yes, I pass on it.

Q. I will show you Exhibit 22.

The Court: Will you let opposing counsel see it?

Mr. Miller: He produced it.

The Court: I know, but he can't remember now what number it was marked. He has a right to look at it.

Mr. Fulwider: I will object, your Honor.

The Court: You can't object because there is nothing before the court.

Mr. Fulwider: I was going to say about any interrogation about documents that aren't before the court as part of [79] the direct.

The Court: He has to lay a foundation some time. Overruled. There isn't anything to object to yet.

Q. (By Mr. Miller): I will show you Exhibit No. 22 and ask you whether or not you either prepared or approved of the copy in that exhibit.

A. Generally, I would say that I give it an approval only after the engineer has approved it. I approve it on his say so.

Q. I notice down here in the lower right-hand corner of that exhibit the statement under Features, under the heading of Features, "Stat-O-Seals retain all the advantages of O ring sealing. They will not cold flow." Did you approve of that copy?

A. Yes, after engineering had approved it.

Q. This O ring sealing there that you are refer-

(Testimony of Foster M. Hagmann.)

ring to, does that have reference to the O ring sealing that you get with the seal of the O ring in Exhibit 81?

A. I am afraid I don't understand the question.

Q. Well, what does this O ring seal that you say the Stat-O-Seals retain all the advantages of refer to, in other words?

A. It refers to sealing with Exhibit 81, yes.

Q. And in this part of the ad when you speak about O ring sealing, you are referring to the O ring part of Exhibit [80] 81? A. Yes.

Q. The statement is made just below that, "The relative mass voids provided will not vary, thus eliminating the problems inherent to O ring groove sealing."

What were the problems inherent to O ring groove sealing that you are referring to there?

A. The tolerance problems.

Q. Will you explain that?

A. O ring groove sealing is sometimes done by counterboring, machining grooves, and dropping an O ring into it, and an accumulation of tolerances is present that frequently can cause the seal to malfunction.

Q. Well, this statement, then, about the O ring groove sealing made near the bottom that I last quoted to you is not the same as O ring sealing mentioned at the top of this little paragraph, is that right?

A. Well, I am not too familiar with the engineering aspects of these things. There is not pres-

(Testimony of Foster M. Hagmann.)

ent, let us say, in the O ring and washer combination, which is the doughnut combination of Lock-O-Seal, it does not have nearly the accumulation of tolerances that the other combination has.

Q. I don't quite understand you. The Lock-O-Seal does not have quite the accumulation of tolerances that the Stat-O-Seal has, or is it vice versa?

A. That the O ring and the groove has.

Q. The Lock-O-Seal does not have quite the accumulation of tolerances that an O ring and groove with no retainer?

A. Right.

Q. Have you experienced any difficulty in keeping Lock-O-Seals within the specified tolerances?

A. I can't answer that, because that happens out in the factory and I don't get into that.

Q. Do you get any rejects or returned Lock-O-Seals from customers?

A. Rarely, if ever.

Q. Did you get some in 1948?

A. I don't recall.

Q. In 1948, did the Franklin C. Wolfe Company have any laboratory in which sample or test devices could be made and tested?

A. We had the full use of the Rohr laboratory for that. I don't recall whether we had our own laboratory at that time or not, but we did use the Rohr lab.

Q. To make up samples?

A. For testing.

Q. Did you have any facilities for making up samples to be tested?

A. I don't recall what equipment we had then.

Mr. Miller: That's all. [82]

* * * * *

MAX I. McCLAY

called as a witness by and on behalf of the plaintiffs, having been first duly sworn, was examined and testified as follows:

* * * * *

Direct Examination

Q. (By Mr. Fulwider): By whom are you presently employed, Mr. McClay?

A. I am employed by the United States Navy, Bureau of Ordnance, particularly at the Naval Industrial Reserve Ordnance Plant at Pomona.

Q. Is that plant being operated by Convair at the present time?

A. Convair is the contractor who has been employed to do the work, but it is an entirely government owned plant.

Q. What is your position with the government now?

A. I am the Engineering Supervisor. [83]

Q. That is a branch of the Navy?

A. That is a branch of the Navy.

Q. How long have you been with the Navy?

A. I have total time towards retirement of 21 years.

Q. That starts you out when?

A. There was some time on active duty, which counts toward retirement, and then I started my civil service work in 1939, at the end of 1939.

Q. What was your position in 1939?

A. I started out as a government inspector of naval aircraft.

Q. Where were you located at that time?

(Testimony of Max I. McClay.)

A. At Convair, San Diego.

Q. Were you ever resident inspector or supervisor at Rohr Aircraft Company in San Diego at Chula Vista?

A. At the beginning of 1942, I was transferred to the Rohr office as the resident engineer. The duties in this capacity were as an engineering liaison between the Bureau of Aeronautics and the local plant.

Q. In connection with your duties at the Rohr Aircraft Company for the government, did you have anything to do with problems of sealing that were presented to Rohr in 1942 or 1943, along in there?

A. There was a contract let to the Rohr Company which, among a long list of items, had one short but very troublesome [84] item, "Make fuel tanks fuel tight." These fuel tanks had been built without the intent of being used as, technically known as integral tanks. They had many — they wouldn't hold fuel at all as they were delivered to Rohr. They weren't built that way, not designed that way, no intent that they should. They had been designed and built with the idea of using what is technically known as Morang cells. They consisted of a rubber, large rubber bladder which would fit inside of the structure.

Q. May I interrupt you just a moment? I think you misspoke yourself. You said tanks when I believe you meant wings, or maybe I am in error.

A. The fuel tanks were in the wings, and thus

(Testimony of Max I. McClay.)

the structure was the wing structure which supported these fuel tanks approximately—I have forgotten the dimensions but I would guess it, as I remember, about two feet high and probably nine feet in one direction, fore and aft, and probably, depending on which tank it was, from four to six to eight feet in the other direction. So they were very large rubber bladders that were to be installed in these fuel tank areas.

Q. In the wing sections?

A. In the wing sections.

Q. All right. Proceed.

Q. The problem was presented to Rohr, without any instructions whatsoever or even specifications as to how this [85] work was to be done.

The Court: May I ask a question?

The Witness: Yes, sir.

The Court: I understand that when these wings were constructed, the rubber bladder would go inside for the purpose of holding the fuel. The instruction was to make the wing tight so it would carry fuel without the rubber sack, is that right?

The Witness: Without the rubber sack, without the bladder.

The Court: Without the bladder.

The Witness: Yes.

The Court: All right.

The Witness: They attacked the problem with whatever was available. In my capacity as the resident engineer, I arranged for trips in which Mr. Gross and I, along with others that were engineers

(Testimony of Max I. McClay.)

that were involved in this problem, visited the local plants around this area, for instance, Lockheed, Douglas, North American, to find out if they had solutions to tank sealing problems. We found that about every place it was the same story.

Getting back ahead of myself here a little bit, it was common practice when I was attached to the office at San Diego, Convair, for the Navy to return the aircraft to the Convair plant, in which case they would remove the plating or [86] the sheets, in aircraft terminology the skin, which is the skin or sheet that fits on the outside of the airplane.

Of course, this is a riveted structure, for the most part. There are many bolts, but for the most part it is riveted. The method of sealing had been one where rubber was sandwiched between two pieces of metal and, of course, when you draw bolts up tight or rivets up tight, the rubber squeezes out of the way, and then the fuels that were used in these days would attack this rubber that was available and cause further deterioration of this seal.

These aircraft that were returned to the plant for repair of the fuel tanks would probably take a minimum of, on an expedited schedule, night and day work, probably three months to do the job.

I mention this because I feel it would indicate the magnitude of the job that was presented to the company in this particular contract.

Getting back now, we investigated to find out what there was available in the way of sealing methods. These other companies likewise had air-

(Testimony of Max I. McClay.)

craft that was torn down for long periods of time, in which they would sandwich some new rubber in between the sheets of metal. It would last for a certain period of time.

In the installation, rivets were smeared with zinc chromate paste to aid in sealing the rivets and the [87] areas around the rivets or bolts, as the case might be.

The problem just developed on and as Mr. Gross went from one thing to another, I think that the real case where he got the idea of the Lock-O-Seal type of seal is where he came to the corners of a fuel tank. The corner is an extremely difficult thing to seal. Of course, having a fuel tank which had never been intended to be an integral tank, the corners were not prepared for it, so that we had to make new corners entirely.

Q. You mean new corners in the wing structure or in adapting the tanks that were already there to become a part of the wing structure?

A. It consisted of both a drop hammer part which would serve as a structural member, and then bolted on into the corner.

Q. In the wing structure, is a wing divided into a series of compartments that you might call separate tanks within the structure?

A. This is right. There are several wing tanks, depending on the location in the wing.

Q. Do you recall becoming familiar during that period of time with the seal that we now know as the Lock-O-Seal?

(Testimony of Max I. McClay.)

A. Well, I was in daily contact with the shop who were working on this problem. It wasn't my job to approve, necessarily. As I mentioned before, I was acting as a liaison for [88] the Bureau of Aeronautics. They are the ones who approved the job.

I offered them recommendations and kept them informed of developments. They are the ones who gave the final approval.

Q. Do you recall where you first saw one of these fastener seals or Lock-O-Seals, and about when?

A. I believe it was in probably about the forepart or middle of 1943 in the Rohr laboratory which Mr. Gross was in charge of. There, in discussing the problem, he showed me what he had, the tests that had been made. I don't know as we could carry this down to a specific date, because this was a development process and not something that happened overnight.

Q. Did you continue there at Rohr for some time?

A. I was at Rohr Aircraft until, I believe it was July 1946.

Q. Do you recall whether or not Rohr Aircraft during the war or during the balance of the war after the creation of the Lock-O-Seal used any of them in modifying ships or otherwise in connection with aircraft?

A. I believe that the entire supply was used by

(Testimony of Max I. McClay.)

Rohr Aircraft and purchased by the Navy. Incidentally, I think one item might be pertinent along the consideration we have here, especially in view of this discussion of sandwiching [89] the rubber. In order to carry the stresses from a bolt head into the structure, instead of passing through rubber and then into the structure, you need this kind of a structure to carry the stresses, and this is one reason why sandwiching rubber has never been successful.

Q. You mean you need metal to metal contact?

A. Metal to metal contact to carry the structure stresses.

Q. From one metal part to another part.

A. Yes.

Q. Do you have any knowledge or recollection of the approximate quantities of these Lock-O-Seals that were used by Rohr after the Lock-O-Seal came into being up until the end of the war or during this project, shall we say, of reconversion, either in total numbers, or as an example, so many per ship, something like that?

A. I think that we had something in the order of 80 of one type of aircraft, PB2Y3 type of aircraft. This was a four-engine seaplane. The manholes which had been provided in the wing structure of the aircraft were much larger than that required by a man, because of the bags or cells that were to be installed, so a spacing of, I would guess, of not more than an inch and a half all the way around these manholes were bolts that had to be reinstalled

(Testimony of Max I. McClay.)

and sealed. So I am going to make a rough guess of at least 600 per airplane. [90]

Now, we had other contracts subsequent to the PB2Y3. We had some PBMs and PBYs and they were used on these aircraft.

Q. Likewise, extensively, in large numbers?

A. Yes, sir.

Q. Do you remember whether or not the Navy issued any kind of a directive or made the Lock-O-Seal standard approved equipment in that era?

A. I think the service bulletin No. — maybe I shouldn't try to remember the number, but it was in the latter part of 1944 it was issued by the Bureau of Aeronautics directing their installation and use.

Q. I call your attention to Exhibit 31——

The Court: When you refer to those exhibits, you should refer to them as marked for identification, because we have only got a very few exhibits that are in evidence. I don't think Exhibit 31 has been admitted in evidence.

Mr. Fulwider: No, it has not yet, your Honor.

The Court: All right.

Q. (By Mr. Fulwider): I call your attention to exhibit marked 31 for identification, which is a letter dated 19 April 1948. Can you identify that letter for me? Is that your signature at the bottom?

A. That is my signature. Mr. Paul Carl called me on [91] the telephone and asked me if I would be willing to confirm the use of Lock-O-Seals, and I wrote the letter in response to that.

Q. I call your attention to about the middle of

(Testimony of Max I. McClay.)

the second paragraph, which states that the Bureau of Aeronautics directed installations by their PB2Y airplanes, bulletin No. 47, dated 9 December 44. Is that the directive you just mentioned in your testimony? A. This is the one to which I refer.

Mr. Fulwider: I offer that in evidence, your Honor, as 31.

Mr. Miller: I don't believe that is the best evidence here. This appears to have been a letter written four years after the event. I don't see how that could be of any evidence here.

The Court: May I see it?

Mr. Fulwider: I think it is relevant, your Honor. It is corroborative of his testimony concerning the government bulletin and concerning the entire transaction about which he has testified.

Mr. Miller: If there is a bulletin available, the best evidence would be the bulletin.

The Court: I think this letter could be introduced if you could bring it under the document rule, that is, if you can establish that this came out of the files of the Industrial [92] Specialties, Inc., that it was their custom to keep these letters as part of their records, but this witness can't testify to that, as far as I know.

Mr. Fulwider: No. He can only testify, of course, he wrote the letter.

The Court: He testified he wrote the letter. I don't believe it is admissible just because he wrote the letter to some third party.

(Testimony of Max I. McClay.)

Mr. Fulwider: We can identify it further by a later witness, I believe.

The Court: Then suppose you wait until you get somebody here from Industrial Specialties, Inc.

Mr. Fulwider: All right.

The Court: And they can bring it within the rule and then there will be no question about it.

Mr. Fulwider: I think we can do that by a member of the Wolfe Company who fell heir to those records of Industrial Specialties, as I understand it.

The Witness: May I say in response to this, gentlemen, that since the PB2Y3 airplane is history completely, it would be possible, maybe, to get a copy of this service bulletin from the Bureau of Aeronautics, but they would have to dig pretty far back in their files to get it.

Q. (By Mr. Fulwider): Do you recall of your personal knowledge that such a bulletin was issued?

A. It was issued and used. It was distributed throughout the United States Navy Aircraft Services.

Q. At the time you wrote that letter dated 1948, Exhibit 31——

A. It was in effect then.

Q. A copy of that was then available?

A. Yes.

Q. Would you normally have one in the usual course of your business then?

A. I did have.

Q. Now, I believe you said you stayed in San Diego for several years following the close of the war. Can you tell me very briefly as to the activity in the aircraft industry from the point immediately

(Testimony of Max I. McClay.)

following the close of the war, say the day after the war finished, up through the balance of 1945, 1946 and 1947 and into 1948, of your own personal observation?

A. At the time of the end of the war, that would be August 1945, wouldn't it?

Q. Yes.

A. At the end of the war, there was one plant that I spent quite a bit of time at that had 50,000 people working there, as a matter of fact, over 50,000. This may be recorded, I am sure, from newspapers and whatnot. They dropped to less than 10,000 during the period from 1945 over through 1947. [94]

At the Navy office, we had 340 people employed on government civil service, and our employment dropped to, I think it was either 29 or 30. There was a planned layoff period where so many people were dropped each week.

Another plant that I was aware of employed during the war about in the neighborhood of 10 to 11 thousand and they dropped to about 3,000.

Q. Was this condition rather general in the aircraft industry, at least out here on the Pacific Coast?

A. I am sure that anybody who had anything at all to do with the contract business at that time will record or remember the contract terminations.

Q. You mean all the government contracts were terminated promptly?

(Testimony of Max I. McClay.)

A. They were terminated promptly.

Q. Do you recall when any production activity in the aircraft airframe business resumed with any substantial amount at all?

A. Well, with this reduction, there was a tremendous scramble to try to find something to keep going on. Naturally, the design work that had been thought of during the war and planned was carried out as far as was possible, but there was no use for engineers to design something that the salesmen can't sell. The government is probably the greatest purchaser of aircraft, so when their contracts were down, there [95] was no object in building military aircraft that the government didn't have use for, because I am sure that everybody will remember the newspaper pictures of acres of aircraft sitting idle in various and sundry fields throughout the United States.

Q. Those were, I assume, available for sale, many of them, to whoever wanted to buy them.

The government auctioned some of them off at ridiculously low prices, but the maintenance on an aircraft is particularly large, take a B-24, PB2Y3, or something like that. It is something that not very many people can stand, and even though it was given to them, it would be like a white elephant. They couldn't support it after they got it.

Q. One more question. Can you tell me whether or not in the normal course of things there is any substantial lag between the design of an aircraft and the things that go in it, like seals, for example,

(Testimony of Max I. McClay.)

and the actual procurement of those seals, whereby they are delivered and paid for?

A. Probably the aircraft that were manufactured in 1949 is from the designs that were put on the paper in 1946 or 1947. Three years is not uncommon as an interim period.

Q. So 18 months to two years, you would say, was a conservative estimate?

A. Well, we wouldn't get it out that fast.

Mr. Fulwider: Thank you. Cross examine. [96]

Cross Examination

Q. (By Mr. Miller): Now, you spoke about a plant that had 50,000 people during the war and 10,000 people after the war. What plant was that?

A. That was Convair at San Diego.

Q. What did they do with the 10,000?

A. Well, they got a make-work committee, as far as I could see, and tried to keep them going.

Q. Were they building planes or making something else?

A. They were naturally making planes and working on new designs that they thought possibly could be used, particularly in commercial fields, in particular the Model 240.

Q. Did they do any design work on new government planes?

A. Very limited. They had one contract for a new design with the Navy.

Q. Was that a substantial contract?

(Testimony of Max I. McClay.)

A. It was a rather long-term, if that is what you mean, yes.

Q. A substantial number. It was not just a few experimental planes, was it?

A. The government, I think, is a rather benevolent employer. Some of these contracts were almost in the category of feeling, "Well, this is a part of our national defense and [97] we must maintain it," so contracts were sometimes let for needed work, but which would be a maintenance of this military potential.

Q. Now, on this so-called maintenance work done on these planes, were these seals usable?

A. Now, this question is a little—I have got to qualify it. These seals during the war, I suppose, had been used by the Navy, and probably with the exception of a very small amount that might have gone to some other activity for sealing purposes, I suppose the Navy was the sole purchaser of these seals. They were not in general use. Thus, since they were not in general use, there is no reason why they should be used generally. They could be used if the people knew of them and desired to use them, yes.

Q. Now, Mr. McClay, I don't want your supposition here. My question was, on these government orders that were let out with the idea of keeping the skeleton crew of 10,000 busy, were those planes of such a design that these Lock-O-Seals could have been used on them?

A. They were actually used on the Model 240.

(Testimony of Max I. McClay.)

Q. Was that the model that was being built by this skeleton crew?

A. That was not a military plane. It was a commercial plane. When I say they were used on Model 240, I am not saying that they didn't use anything else on the plane, you understand. [98]

Q. In the way of seals?

A. In applications where they were needed, they were used on the Model 240, on a commercial plane.

Q. How many were used on the Model 240?

A. I am going to have to guess.

Q. Give us your best guess.

A. I would guess in the order of 100 minimum, and the reason I say 100, I feel that this is a conservative estimate. I do not have technical knowledge as to all of the applications. There is no reason why I should, because it was a commercial airplane.

I do not know of other specific applications other than the maintenance bulletins on the PB2Y3s that were still in existence and so I guess the rest of it is conjecture.

Q. You have given us an estimate of the minimum. What would be your maximum estimate on the 240?

A. They probably would run as high as 500 as a maximum.

Q. And how many 240 planes were to be built by Convair after the war on this contract you are talking about?

A. Well, they started out with a pretty small

(Testimony of Max I. McClay.)

contract from Pan-American, I believe it was. I believe it was 10 planes to start with.

Q. And was that increased?

A. It was eventually increased. [99]

Q. Approximately when was it increased?

A. Oh, the best estimate would be about the beginning or the end of 1948. It was not, I am sure, in 1947.

Q. This other plant that you mentioned that had a wartime crew of 10 or 11 thousand, shrunk to 3,000 after the war, what plant was that?

A. That was Rohr.

Q. Rohr? A. Rohr.

Q. And were they manufacturing—

A. This, I feel, is rather unimportant, because there should be plenty of substantiation to show that all of them had the same kind of a reduction in force. I am sure there is no reason to assume that any of them were especially favored to keep right on going. I know at some of the plants the second day after the war they met them at the gate and said, "Boys, your job isn't here any more."

Q. Now, the 3,000 they kept, were they making planes on which these seals were usable?

A. They were doing—their major operation was engine packages, major, after the war. These would be usable to some extent.

The Court: What do you mean by engine packages?

The Witness: It used to be when you wanted to change an engine on an aircraft, it was a major

(Testimony of Max I. McClay.)

operation. [100] The airplane is ready to take off, the engine fails, so the airplane would be tied up for some lengthy period of time while the engine would be changed. But they had developed a quick change package where in probably just a matter of hours you take one engine off and put the other on. The time lag had been very materially reduced. In these packages on the fire wall there would certainly be applications.

Q. (By Mr. Miller): Of these seals?

A. Of these seals.

Mr. Miller: May I have Exhibit 31, the letter he was talking about?

The Court: It is not in evidence.

Mr. Miller: He was interrogated about it.

The Court: All right.

Mr. Miller: I think, having opened it up to that extent, I should be able to cross examine a little bit.

Q. Do you recall who it was—well, let me straighten this out. Do I understand somebody at Industrial Specialties asked you to write them this letter, Exhibit 31?

A. This man, Paul Carl, I believe, had taken employment with Industrial Specialties, and knowing that I had been cognizant of this work, he called me on the phone and asked me if I would write the letter for him, which I did.

Q. Did he tell you what he wanted the letter for?

A. Well, I didn't particularly care, because if

(Testimony of Max I. McClay.)

the [101] thing is the truth, well, then, it doesn't make much difference what he wants it for.

The Court: That isn't the question. The question is, do you know what he wanted it for? You can answer that yes or no.

The Witness: Well, I will have to assume the same thing now I did then, that he had some idea of sales promotion.

Q. (By Mr. Miller): Did he tell you what to put in the letter? A. No.

Q. Does the Navy permit you to write such a letter for advertising purposes?

The Court: Well, that is immaterial, whether the Navy permitted him to do it or not. He wrote it. Suppose he was not permitted to. He has written the letter and the letter is here.

The Witness: I am sure the Navy has——

The Court: Just a minute, please.

The Witness: Yes, sir.

The Court: I think it is immaterial.

Mr. Miller: Very well.

Q. (By Mr. Miller): At that time of the letter, which is in 1948, was Industrial Specialties selling these Lock-O-Seals, or Mr. Carl selling the Lock-O-Seals? [102]

A. I merely assume that they were preparing to do so. The only assumption I make is he asked for it, so why else would he ask for the letter?

Q. You had no other contact with Mr. Carl or the Industrial Specialties Company other than this telephone call, is that it?

(Testimony of Max I. McClay.)

A. I am sure that I haven't seen Paul Carl since 1946, although I have talked to him a few times on the telephone.

Q. You had nothing to do with the—withdraw that.

Was it Industrial Specialties Company selling Lock-O-Seals to these airplane companies?

A. None.

Q. Had they been?

A. Pardon me. I don't understand you. Had they been selling——

Q. Selling Lock-O-Seals to the airplane companies.

A. Since I had no contact with them, I wouldn't know. Probably they were. Just on the assumption that people go in business to sell things, I assume they were, but I have nothing more than that to go on.

Q. Did you know what was the source of supply for the Lock-O-Seals that went on these planes, the PB2Y3s and the PBMs and the PBYs?

A. This was Rohr Aircraft.

Q. They made them? [103]

A. They made them.

Q. Did you see them made there at the plant?

A. Yes.

Q. Can you tell me the approximate volume that they made at that time that went on these?

A. No, I can't tell you that. Other than the indications that I have given, that we had so many to use on each aircraft and we had—it was in the

(Testimony of Max I. McClay.)

San Diego newspaper, I believe, that they listed it as about 80 of them out in the pasture one day when they showed them by pictures in the newspaper.

* * * * *

Q. (By Mr. Miller): Now, if I understand you, you were in daily contact with the people confronted with the problem of leakproofing the corners of these tanks. A. That is right.

Q. Do you recall the names of the people you were in daily contact with that were confronted with this problem?

A. In particular, Mr. Gross.

Q. Anybody else?

A. I don't feel that the rest of them have any significance at this time. [104]

Q. Suppose we let the court decide that.

A. There were other engineers that had some part under his direction.

Q. Do you recall their names?

A. They called him Al—Alderman. Indirectly concerned was Hugh Rush, McCrary—a few other people around the place.

Q. Do you recall a Mr. Kerley?

A. Kerley? No, I don't.

Q. You say that this thing was something that was not developed overnight. Were there some other attempts to solve this problem of leakproofing the tanks?

A. Yes, there were other attempts in the sense of development, yes.

(Testimony of Max I. McClay.)

Q. Were those made by Mr. Gross?

A. Under his direction.

Q. Do you recall who were the individuals that made these other attempts?

A. I can't remember who was on his staff completely. There were quite a few people that came and went during that period.

Q. Do you recall the nature of the attempts that were made to solve this problem?

A. The most obvious thing is to sandwich some rubber in between two pieces of metal, but this wasn't the solution. [105]

Q. That is the way the tanks were originally made, wasn't it? A. Yes, that's right.

Q. They were going to change that to leakproof these tanks? A. This is right.

Q. And they knew that the sandwiching was not adequate? A. That's right.

Q. Do you recall the first development or the first attempt to solve the problem after they decided that sandwiching was no good?

A. I don't know as I recall any interim programs, no.

Q. Do you recall the nature of any design or proposed seal for sealing and leakproofing the tanks?

A. There was an attempt at using some kind of a confined rubber in a machined-out area, but on thin sheets this is not a satisfactory method. It could be done, but it isn't satisfactory on thin sheets.

(Testimony of Max I. McClay.)

Q. Did they propose countersinking these sheets?

A. That is what I am talking about, yes.

Q. What were they going to put in the countersink after they had the countersink?

A. They would use a rubber O ring. O ring is a general term for anything, any doughnut-shaped piece of rubber.

The Court: Any doughnut-shaped piece of rubber? [106]

The Witness: It is not confined to anybody in particular. A lot of people make them. It hasn't any great significance within itself.

The Court: Is an O ring a flat ring?

The Witness: It is a doughnut-shaped round, a round section, round configuration.

The Court: Did you see any of these doughnut rings or these O rings that were round, say before 1947 and 1948?

The Witness: Oh, yes. My period of time was between 1942 and 1946.

The Court: You saw these doughnut-shaped rings that were round, did you?

The Witness: Yes, in use.

The Court: And they were using them?

The Witness: Sure.

Q. (By Mr. Miller): Did you know of the existence of O rings in 1939 when you first went over there to Convair? A. No, sir.

Q. You had never heard of an O ring prior to when?

(Testimony of Max I. McClay.)

A. Probably not prior to, oh, 1941, I guess. This is getting pretty far back in history.

Q. Then you knew of the existnce of O rings in 1941 and 1942?

A. Well, the way you speak of it, it sounds like there might be some great significance to an O ring. This is just [107] a plain simple little piece of rubber.

The Court: Did you see some of these plain, ordinary doughnut-shaped rubbers prior to 1944?

The Witness: Yes.

The Court: They were used?

The Witness: They were developing them in this particular application during 1943.

The Court: In 1943?

The Witness: Yes.

The Court: My understanding is, and I want to be sure I understand you correctly, in 1943 you saw an O ring that was round, that is, not only round in circumference, but the rubber was round?

The Witness: Round in section, yes.

The Court: Round in section, somewhat similar to this O ring on Exhibit 81, is that correct?

The Witness: Yes, sir.

The Court: And that was being used before 1944?

The Witness: In 1943, it was developed.

The Court: In 1943. All right.

Q. (By Mr. Miller): My point is, didn't you know of the existence of that type of O ring prior to 1943?

(Testimony of Max I. McClay.)

A. Well, I couldn't before its development, let's put it that way.

Q. You never knew that O rings were on the market in [108] the middle thirties?

A. We were not using them in common usage, certainly, in aircraft much before 1941. There might have been some special applications. I don't know when the O ring as such was developed or by whom, the O ring as an O ring. I assume some rubber company developed it.

Q. That was prior to the time that these O rings as used in Lock-O-Seals were developed in 1943, you say, by Mr. Gross?

A. In 1943 Mr. Gross developed the use of a Lock-O-Seal as described by these drawings down here and made his selection of the kind of rubber that could be used successfully in this application.

The Court: Before Mr. Gross made his seal, this O ring that was round in the cross section had been used in the trade. Mr. Gross didn't develop the O ring, did he, this particular O ring?

The Witness: I don't think so.

The Court: Speak up. These attorneys want to hear you.

The Witness: I don't think so.

The Court: All he did then was take an O ring that was on the market and insert it into a metal washer?

The Witness: Well, now, this is something that I am not prepared to say, that he took one that was on the market, [109] although it may have been in

(Testimony of Max I. McClay.)

use. There is one thing I would like stricken from the record, and that is to try and define when the O ring was first used. That isn't a question here, is it?

The Court: You let me decide what the question is. I am just trying to find out what you know about this matter. My understanding is, now, that Mr. Gross took an O ring similar to the one that had been in use, and then he put the O ring inside of a metal washer to make his seal, is that what he did?

The Witness: No, that isn't what I said.

The Court: What did you say?

The Witness: I said he developed the use of an O ring and metal washer and made the Lock-O-Seal.

The Court: How did he develop them? What do you mean by developed?

The Witness: I think that he will have to tell you where he got it from.

The Court: I know, but we have a claimed invention here, that is, they take an O ring and place it inside a metal washer.

The Witness: This had not been done before.

The Court: No, but the O ring had been used before and the metal washer had been used before, so all Mr. Gross did was take the O ring and insert it in the middle of the [110] metal washer, is that correct? Is that what you mean by developed? It is awfully simple the way I state it, isn't it?

The Witness: Yes, it is.

(Testimony of Max I. McClay.)

The Court: What do you mean by developed? You said he developed this. What do you mean by developed? What did he do?

The Witness: His problem was to seal these tanks and to find some method of doing so, and this is his development.

The Court: This is what he did. What did he do now? Just concern yourself with the sealing in airplanes. What did he do relative to the development of the seal? You have used the word development.

The Witness: I don't think I am in a position to say O rings had never been used before, so I guess we will have to accept your words and say that he put an O ring into the washer.

The Court: I don't want you to accept my words. I want to know what you think he did and what you saw him do.

The Witness: That is what I saw him do, is put the O ring in the washer and test it out and use it, yes, sir.

The Court: All right, Mr. Miller.

Q. (By Mr. Miller): Was this proposal of countersinking the sheet and putting an O ring in the countersink ever tried out by Mr. Gross? [111]

A. Yes.

Q. Was it tested by him? A. Yes.

Q. Was it rejected on test?

A. As originally done, yes, but later it was developed and there was a method developed for use of this type of thing.

Q. Did that proposal to countersink come from

(Testimony of Max I. McClay.)

Mr. Gross or did it come from somebody else?

A. Insofar as I know, it came from Mr. Gross.

Q. Were there any other proposals made besides the countersinking and putting the O ring in the countersink and the proposal of putting an O ring inside of a metal washer?

A. I don't know of any.

Q. You were there daily. A. Just about.

Q. You were in contact with Mr. Gross daily?

A. Just about daily.

Q. During this period of 1943-1944?

A. Yes.

Q. As far as you know, nobody else besides Mr. Gross had anything to do with the actual development of these two methods of sealing?

The Court: Well, aren't you assuming something not in evidence, that nobody else did it? A man does not ordinarily [112] work by himself in a large organization. If Mr. Gross was the head of the department, he probably had somebody working with him.

Mr. Miller: That is what I want to inquire of this witness. Did he do it on his own or did he have somebody working with him?

The Court: When you use "on his own," you are trying to separate him from the Rohr Company.

Mr. Miller: No.

The Court: He might not have been doing it on his own but for the Rohr Company.

(Testimony of Max I. McClay.)

Mr. Miller: He might have kept all of this experimental work himself. He might say, "This is my baby. I am going to work on it myself. I am not going to even delegate this." I want to know what Mr. McClay's knowledge on the subject is.

Q. Did Mr. Gross keep that to himself and say, "This is my baby, this is my problem; I am going to solve it all by myself," or did he say, "I want every suggestion I can get from my laboratory, from everybody out in any laboratory"?

A. In any laboratory there is a head of the department and he takes the responsibility for what the laboratory does and directs the work, so he had a staff of people that were working for him and under his direction.

Q. That is very interesting. [113]

A. I am sure if somebody had come along and said, "Here is an idea, why don't you try this," he would have done so. It was a pretty difficult task.

The Court: Let me ask the witness a question. Did you see anybody work upon the development of this particular seal besides Mr. Gross?

The Witness: I do not know of anybody working on it besides him.

The Court: Do you know of your own knowledge whether any other company or individual other than those connected with the Rohr Company were working on a seal by putting a rubber washer inside of a steel washer?

The Witness: I know of nobody.

The Court: The Rohr Company is the only

(Testimony of Max I. McClay.)

place where you saw the rubber washer put inside the steel washer?

The Witness: This is right.

The Court: That is right, is it not?

The Witness: Yes, sir.

Mr. Miller: I have no further questions. [114]

* * * * *

ROBERT C. COMSTOCK

called as a witness by and on behalf of the plaintiffs, having been first duly sworn, was examined and testified as follows:

* * * * *

Direct Examination

Q. (By Mr. Lee): Would you state your occupation, please, Mr. Comstock?

A. I am a patent lawyer.

Mr. Miller: Will you speak louder, please?

The Witness: Yes, sir.

Q. (By Mr. Lee): Are you a member of the Bar of this court? A. Yes, I am.

Q. Are you a member of the State Bar?

A. Yes, I am.

Q. How long have you practiced patent law in California?

A. I practiced patent law in California since early 1954.

Q. Prior to that were you engaged in the practice of [115] patent law?

A. Yes. I practiced in Chicago, Illinois, from 1941 up until the time I moved to California, except for time in the service.

(Testimony of Robert C. Comstock.)

Q. Are you a member registered to practice before the Patent Office?

A. Yes. I was admitted to practice in the Patent Office in either 1941 or 1942.

Q. In the course of your service work, did you have technical training?

A. Yes, I did. I had technical training and in later work at the Illinois Institute of Technology, and I also did some teaching of radar in the Signal Corps schools.

Q. In the course of your work as a patent lawyer, have you had occasion to give opinions on validity and infringement of patents?

A. Yes, I have, very frequently.

Q. Have you ever been called on to testify as an expert witness in patent cases?

A. Yes, I have.

Q. Have you testified in any local patent cases?

A. Yes, I have testified several times before other judges of this court. [116]

* * * * *

Q. Have you examined a copy of the patent in suit, Exhibit 23?

A. Yes, I have. I have a copy here.

Q. You have a copy with you? A. Yes.

Q. Have you examined Exhibit 8, the defendants' Duo-Seal device? A. Yes, I have.

Q. Have you examined the page in Plaintiffs' Exhibit 9 for identification which is labeled Data Sheet 1104-D? A. Yes, I have.

(Testimony of Robert C. Comstock.)

Mr. Lee: I have three charts here I would like to have marked for identification. [117]

The Court: They may be marked.

The Clerk: 84, 85 and 86 for identification.

(The exhibits referred to were marked Plaintiffs' Exhibit 84, 85 and 86 for identification.)

Q. (By Mr. Lee): I show you a chart which has been marked Plaintiffs' Exhibit 84 for identification and ask you if that chart was prepared under your direction? A. Yes, it was.

Q. Would you explain for the record what that chart shows?

A. Well, at the top of the blow-ups or enlargements are figures 2 and 3 of the patent in suit, and at the bottom are blow-ups of the defendants' device, the picture being taken from that circular 1104-D that you showed me a little earlier.

Then the numbers, reference numerals of the patent, have been left the way they were and the corresponding numerals have been applied to corresponding parts in the defendants' device in order to show a similarity in the structure.

Q. I hand you a chart which has been identified as Plaintiffs' Exhibit 85 for identification.

A. That is a straight blow-up of the portion on the left side of the circular 1104-D, that is the rectangular portion on the upper left there, consisting of two figures and the wording along with it and the dotted lines. [118]

Q. I hand you Plaintiffs' Exhibit 86 for identification.

(Testimony of Robert C. Comstock.)

A. Do you want an explanation of this?

Q. Yes.

A. 86 is an enlarged reproduction of claim 1 of the patent, and on the left-hand side are figures 2 and 3 which were taken from the patent and enlarged, and in this case the reference numerals were removed and then on the right-hand side defendants' Duo-Seal. This is an enlargement of the two figures taken from the circular 1104-D. Then the key words of the claim have been underlined, and solid lines and dotted reference lines run over to the two structures in order to show where the elements of the claim are found in the plaintiffs' Lock-O-Seal and in the defendants' Duo-Seal.

Q. Could you explain the purpose of the invention as derived from your study of the patent in suit?

A. This is a sealing device for bolts or screws. Its primary purpose is to provide leakproofing at the juncture of metal parts. While incidentally providing that leakproofing, it also seeks to provide a mechanical tightness, a metal-to-metal contact between the fastener and the metal object to which it is attached, and at the same time provide a resilient seal.

This has to be done without weakening the mechanical strength of the head of the fastener, and it has to be [119] provided in a manner in which there will be no corrosion of the rubber by the material. In this case, particularly, where it is

(Testimony of Robert C. Comstock.)

used with gasoline, there is provided a minimum area of the rubber which is available to the gasoline for corrosion.

Do you want me to continue with the explanation of the elements of the structure?

Q. Do you find those purposes stated in the patent in suit?

A. Yes. I have paraphrased those from the first paragraph of the specification of the patent very briefly.

Q. Would you explain the operation of the sealing device shown in the patent from your study of it?

A. It is best shown in figures 2 and 3 of the patent. The bolt there is represented by the numeral 10.

I might say before I start on the parts that the left-hand figure, figure 2, shows the parts before the nut is applied and before the doughnut-like member is under tension. Then the right-hand figure, figure 3, shows it after the tension has been applied.

The bolt, as I said before, is No. 10. The threaded shank of the bolt has a reference numeral 18. The bolt goes through an opening 19 between the three walls which are represented by the numerals 9, 16 and 15.

Now, beneath the head of the bolt there is situated a retainer or metal collar 21. That is referred to in the [120] claim as a washer. It is referred to, also, in the specification as being a metal collar.

(Testimony of Robert C. Comstock.)

That differs from an ordinary washer that is ordinarily used on a bolt because its diameter is considerably larger than the shank of the bolt. An ordinary washer will fit fairly close around a shank. Here we have a collar which acts more as a retainer ring for the washer 20, which is described as a thick doughnut-shaped washer, which is formed of rubber or rubberlike material.

As shown in figure 2, the diameter of this doughnut rubber washer is larger than that of the retainer ring, taking it in the sense of vertical distance there. You will see that the rubber protrudes on both sides. There are little openings that can be seen around this circular doughnut-shaped ring.

When the head of the fastener is tightened down, it deforms the circular doughnut-shaped ring into a rectangular shape, in which those small openings are filled and the form of the doughnut-shaped ring is converted into a rectangular cross section as shown at the right in figure 3.

Referring to this figure 1 a minute, you will note that the rubber here is exerting pressure against four places, against the bottom and head of the fastener, against the inside of the retainer ring collar or washer, against the metal surface, and against the shank of the bolt.

At the same time, you will note that the head of [121] the fastener is in metal-to-metal contact with the retainer ring or washer, which is in turn in metal-to-metal contact with the plate 9, so that we

(Testimony of Robert C. Comstock.)

have two things occurring then when this head of the fastener is tightened. One is that the rubber is deformed from its circular into its rectangular shape. The other is that the stress from the bolt is carried directly to the plates 9, 16 and 15, through this retainer ring 21, so that you do not have all of the stress on the rubber. There is enough stress on the rubber to deform it into the sealing position. At the same time, there is considerable amount of stress carried right through to the metal.

Q. Have you studied claim 1 of the patent in suit? A. Yes, I have.

Q. Have you compared this claim with the Duo-Seal device, Plaintiffs' Exhibit 8?

A. Yes, I have.

Q. Do you find that the elements of claim 1 of the patent in suit are found in the Duo-Seal device?

A. Yes.

Q. Using the charts that have been prepared, would you explain to the court how you find this infringes element by element?

A. I think it would probably be best to start with that chart. Perhaps we could put it up there on the board.

Q. Yes. [122]

A. Do you want me to go to the chart and explain this?

Q. Yes.

The Witness: Can the court read the chart at this distance?

The Court: Yes, I can read it.

The Witness: The claim starts off "means for

(Testimony of Robert C. Comstock.)

sealing the walls of a tank secured between the head and shank of a fastener."

The head is shown here in plaintiffs' Lock-O-Seal, and the shank goes through the opening. In the defendants' Duo-Seal, the head is here and the shank goes down through the opening.

"* * * comprising, in combination, a washer of rigid material having a central bore."

That is this washer or collar which is positioned here in the plaintiffs' Lock-O-Seal and here in the defendants' Duo-Seal.

"* * * surrounding the shank of the fastener and adapted to make rigid contact with the head of the fastener and a tank wall."

That refers to this washer or retainer in here surrounding the shank of the fastener in both cases.

"* * * and adapted to make rigid contact with the head of the fastener and a tank wall."

The tank wall, of course, is here. Your rigid contact [123] is better shown by referring to the bottom figure here, where you see that there is a tight contact between the head of the fastener, the washer, and the tank wall here, and here between the head of the fastener, the washer, and the tank wall.

"* * * and a rubberlike doughnut-shaped ring positioned within the bore of the washer."

That ring is shown here. It has cross-section lines on it. The ring is shown here where it is in solid black.

"* * * said ring having a diameter greater than

(Testimony of Robert C. Comstock.)

the thickness of said washer and being confined in said washer with opposite sides thereof normally protruding from the opposite faces of the washer.”

Referring to the upper left-hand figure there, you can see that the sides are normally protruding, that the diameter is greater.

Referring to the defendants’ Duo-Seal, the diameter is greater and the sides are normally protruding.

“* * * whereby upon the underside of the head of the fastener compressing the rubberlike ring against a portion of one contiguous wall of the tank being fastened together.”

That compression is shown in the lower figure.

“said ring is deformed into sealing contact with the bore of the washer, the shank, the head [124] of the fastener, and said contiguous portion of said wall.”

That is the four-way compression that I spoke about earlier. Here is your contact at the top with the head, at the bottom with the wall, at this side of the washer, and over here against the shank.

Then in the illustration of the defendants’ Duo-Seal, again you have those four points of sealing contact with the shank, the head, the washer, and the wall.

Is there anything else on this chart you want?

Mr. Lee: I believe that’s all, Mr. Comstock.

(Witness resuming stand.)

Mr. Lee: Will you mark this for identification?

The Court: It may be marked.

(Testimony of Robert C. Comstock.)

The Clerk: 87 for identification.

(The exhibit referred to was marked as Plaintiffs' Exhibit No. 87 for identification.)

Mr. Lee: Plaintiffs' Exhibit 87 for identification is a sample section cut away showing the installation of a bolt in a Lock-O-Seal cut away so that you can see the interior of it.

Q. I hand you Plaintiffs' Exhibit 87 and ask you if that illustrates the condition shown in figure 3 of the patent drawings.

A. Yes. This shows the Lock-O-Seal in a sealed position. [125] This is a complete installation like shown in figure 3, except that slightly more than one quarter section has been cut away in order to show what takes place within the construction, which would not be evident from the outside.

The Court: May I see that?

The Witness: Surely. The black part there is the washer.

Mr. Lee: I would like to offer in evidence 86 and 87 as illustrative of the witness' testimony.

The Court: They may be received in evidence.

The Clerk: Exhibits 86 and 87.

(The exhibits referred to were received in evidence and marked as Plaintiffs' Exhibits 86 and 87.) [126]

* * * * *

Cross Examination

Q. (By Mr. Miller): Mr. Comstock, I believe you testified that you had testified as an expert in one other case in this district?

(Testimony of Robert C. Comstock.)

A. No. There have been three other cases in this district, and one in the state court of California, Superior Court.

Q. Here in the District Court, were you called as a witness by the plaintiff or the defendant?

A. Well, I think it has been by both. I would have to review them. Let's see. The first case, it was against the patent, although I can't say whether that was a declaratory judgment action or not.

Then the next case was, I believe the second one was for the patent, and I can't recall again, I think that definitely was a declaratory judgment action.

Then the third case was for the defendant.

The one in the state court was for the defendant, although they had filed a counterclaim there.

Q. You say you were called for the patent or against the patent in some of these cases?

A. Yes. It has been both for and against the patent.

Q. When you were called for the patent, was the patent held valid and infringed?

A. In one case where I was called for the patent, it was settled out of court with a consent decree holding the patent valid.

In another—let's see. There have been two others. The patents were held invalid, and then the fourth one, it was not directly a question of patent validity. This case was in the state court. It was more a question of whether the owner of the patent had a right to make a claim of infringement, and that case was decided favorably to the party that I testi-

(Testimony of Robert C. Comstock.)

fied for, but it was not really an action for patent infringement.

The Court: Mr. Miller, if you had a jury, maybe this line of questioning would have some effect, but as far as I am concerned, you are wasting your time. [130]

Mr. Miller: Very well.

The Court: I am not interested in what this witness has done in other cases. I am interested in what the patent says here and his opinion in this case.

Mr. Miller: Very well.

Q. Now, referring to this claim that you have testified to. A. Yes, sir.

Q. It says "means for sealing the walls of a tank * * *"

Did you study the brochure from which you enlarged the defendants' construction?

A. 1104-D?

Q. I have reference to——

A. I believe that is the number of it.

The Court: Well, now, Mr. Miller, the patent itself provides a definition of the word tank. It says the word tank as used in the claims should be understood to include any sort of tank, pressure vessel, fluid container, gas chamber or the like. They have already defined what they mean by the word tank.

Mr. Miller: I really want to inquire as to whether it is even broader than that.

Q. Would the term tank in your estimation cover any situation where you have a wall where

(Testimony of Robert C. Comstock.)

you want to stop a flow of any kind of a fluid, whether it is liquid or gas, [131] through the wall around the fastener?

A. Well, I think that is really two questions. You mean whether this device would work in that situation? I assume it would work if the pressure or the corrosive material or temperature or other factors involved were not deleterious to the rubber used.

Then as to whether they meant that by the word tank, that I think you would have to construe in terms of the patent. They said any sort of tank, pressure vessel, fluid container, gas chamber or the like. That seems to cover almost anything.

Q. What is this "or the like"? Would that be broad enough to cover any situation where you have a wall, then some kind of fastener going through it, and you want to stop the flow of any leakage of any kind of a fluid?

A. Yes, I should think so.

Q. Now, you have never seen any of the defendants install any of their fasteners, have you?

A. No, I have not.

Q. Have you done any testing of these seals?

A. No, I have not.

Q. Have you applied any of them?

A. I have not myself applied them. I have seen them applied on the exhibits here, but I have not applied them.

Q. This consists of a washer. Is this a retainer or [132] washer?

(Testimony of Robert C. Comstock.)

A. Yes, that is the washer. The term washer is used in the claim, but it corresponds to the part that is called a metal collar 21 in the specification.

Q. Considering the metal retainer alone, that's all it amounts to, is a metal washer?

A. Physically, yes, it corresponds to a metal washer.

Q. And in relation to the size of the fastener, it is just an oversized washer, isn't it?

A. That's right. It has a larger opening in its inner diameter than a conventional washer would have for this type of bolt.

Q. And the rubber part of this seal, considered by itself is nothing more than an O ring that has been known since the thirties.

A. That's right. It corresponds in shape to an O ring.

Q. We go down here where it says, "and a rubber doughnut-shaped ring." Have you inspected the defendants' seals? A. Yes, I have.

Q. Do you know the shape of the bore of the washer that the defendant uses?

The Court: The shape of the bore of the washer?

The Witness: You mean the metal washer?

Q. (By Mr. Miller): Yes, that the defendants use. [133]

A. That the defendants use, yes. I believe it has a straight—in section, it represents a straight line, and in configuration it is circular. Is that what you mean?

Q. For the time being, let's talk about the sec-

(Testimony of Robert C. Comstock.)

tion. In other words, you would say it is straight, vertical from top to bottom.

The Court: Mr. Miller, your question is not entirely clear. You use the term washer. Now, we have two washers here. We have the metal washer and the rubber washer. When you say the washer, are you referring to the metal washer?

Mr. Miller: The metal washer, and when I refer to the rubber, I will say the rubber or O ring, or something of that character. I am trying to keep my terminology straight.

The Court: I know, but I must always consider that this case may be appealed, and the Circuit only has the record. I may understand what you mean, but it is important that the Circuit understand.

Mr. Miller: I will try to keep it clear, your Honor.

Q. Now, in the patent in suit, the rubber ring——

The Court: Just a minute. Let me interrupt for just a minute. You asked him if he had examined the defendants' Exhibit 8.

Mr. Miller: It is the defendants' O ring, but it is [134] Plaintiffs' Exhibit 8.

The Court: Yes, Exhibit 8. You say you have examined that exhibit?

The Witness: Yes, I have.

The Court: Have you examined the rubber or the O ring?

The Witness: Not apart from that. In addition

(Testimony of Robert C. Comstock.)

to this, I have seen the drawings that were prepared by the defendants showing the way they contend it is made, and the blow-ups.

The Court: That is an O ring, isn't it? The defendant uses an O ring.

The Witness: Well, not exactly, your Honor. An O ring is a loose ring that is circular in configuration and circular in cross section. Now, here, this is not loose. It is attached to the washer, and there is some additional rubber in it.

The Court: Assuming that it was not attached to the washer, before it was attached to the washer it was an O ring, wasn't it?

The Witness: There would be a little additional rubber in the defendants' structure, your Honor, in order to achieve this bond between the O ring and the metal washer.

The Court: What I want to find out is, do you consider this doughnut-shaped? [135]

The Witness: Yes, I do, your Honor.

The Court: What is a doughnut-shaped ring?

The Witness: Well, I would say a doughnut-shaped ring is a ring which is circular in its configuration.

The Court: All the way around?

The Witness: All the way around, and which is somewhat rounded off at its corners in order to provide an area, a void, so that it can be deformed into this void as shown and described in the Gross patent. In other words, it would have to have portions rounded off or taken away at the corners,

(Testimony of Robert C. Comstock.)

and the Gross patent, it is all four corners, and this one, I am not sure whether it is entirely two corners or whether there is some void in the other two corners, but there is room for deformation of this.

The Court: Let's assume for just a moment that this is an O ring, but it is not circular the whole way around, that is, the outside is flat. Would you consider it doughnut-shaped?

The Witness: Well, what do you mean by flat? You mean it would be a square in contour?

The Court: Square.

The Witness: If it were square, no, it would not be doughnut-shaped, because it couldn't function in the manner shown in the patent.

The Court: I am not asking you that. By doughnut, [136] you mean it has to be circular all around.

The Witness: Not completely circular. I would say it has to be either—you can use the term rounded or substantially circular. Particularly at the corners, it would have to be rounded off or sheared off.

The Court: But if it was circular or rounded off on three sides and was not on the fourth side, it was flat, that wouldn't be doughnut-shaped?

The Witness: No, that would be doughnut-shaped. It would still function properly.

The Court: I am not asking anything about the function. I am trying to find out what you under-

(Testimony of Robert C. Comstock.)

stand by the word doughnut-shaped. That is what I am trying to find out.

The Witness: I think you have to consider the term doughnut-shaped in connection with the end of the claim where it says that the ring is deformed into sealing contact at the four places.

The Court: I don't care anything about where it is deformed. I don't care anything about what happens to it after it is used. In figure 2 of the patent, numeral 20, it shows a round ring.

The Witness: That's right, your Honor.

The Court: Which is, I assume, doughnut-shaped?

The Witness: Yes. [137]

The Court: What I want to know is, supposing you cut that in half. Supposing you cut that ring in half, so you only had a half circle instead of a full circle. Would that still be doughnut-shaped?

The Witness: No, I don't think it would, your Honor.

The Court: Supposing you cut it in three quarters, so that it is only three-quarters round and the other quarter was flat, would that still be doughnut-shaped?

The Witness: There again I think you would have to consider it in connection with the operation.

The Court: I don't want you to consider it in the operation.

The Witness: All right.

The Court: I want to know what you mean by

(Testimony of Robert C. Comstock.)

doughnut-shaped. I know what a doughnut is. We can go out and buy a doughnut and bring it up here. I know what a doughnut looks like. It is rounded all the way around. Does a doughnut shape mean rounded all the way around?

The Witness: I don't think it would have to be all the way around. You see this term in claim 2. Considering that in reference to claim 2, in claim 2 they say, "a rubber-like ring having a body of circular cross section." That means it has to be completely circular.

Now, distinguishing between that and claim 1, when [138] they use the term doughnut-shaped, I would say that is a broader or less definite term than circular in cross section. I would say it means substantially circular in cross section or substantially round.

Just where you are going to draw a line between what is and what is not round, I think you have to decide by each thing. I think the one defendant has here is doughnut-shaped and is substantially round.

The Court: May I have that other exhibit with the other ring on it, Mrs. Smith?

The Clerk: I think you have all the exhibits.

The Court: Oh, here it is.

Now, I want to call your attention to Exhibit 82. We have an O ring used in 82, haven't we?

The Witness: There again it is not technically an O ring. It is similar to an O ring.

(Testimony of Robert C. Comstock.)

The Court: Would you call that doughnut-shaped?

The Witness: Yes, I would.

The Court: It appears to me from looking at it that it is not circular all around, but has a lip on it.

The Witness: It has one lip on one side, that's right.

The Court: It has a lip on it on one side.

The Witness: But the rest of it is rounded, starting from the washer here, to come up and around the back to [139] that, and you have one slightly straight side, which you need in order to bond it to the metal.

The Court: Then doughnut in your opinion does not mean circular all the way around.

The Witness: That's right, not all the way around. You could have one little flat portion on one side, and I think it would still be doughnut-shaped.

The Court: 82 has more than a little section flat. It has, I would say, at least a quarter. There is a lip here on 82. Don't you think that that lip uses at least a quarter of the circular area?

The Witness: No. I think it would have to be less than a quarter when you consider the fact that this rubber O ring here protrudes on both sides here, so that you must have, coming up and around here, I think you would have more than a quarter, although you would have to have a drawing of the thing in section to be sure of the exact proportion.

(Testimony of Robert C. Comstock.)

It would probably be a quarter, more or less. I would be inclined to say less.

The Court: It is your opinion that is doughnut-shaped?

The Witness: Yes, sir.

The Court: All right. That's all I want to know. All right, Mr. Miller.

Q. (By Mr. Miller): Well, can the rubber ring—as I [140] understand you, the rubber ring can have the outer wall flat, straight vertically top to bottom, and still be doughnut-shaped?

A. Yes.

Q. And it can have serrations on the exterior surface, such as you have in Exhibit 82, and still be doughnut-shaped?

The Court: What do you mean by serrations?

Mr. Miller: Well, these notches or protuberances.

The Witness: That go out beyond the straight side there. Why, I don't think those, since they go toward and into the washer, I don't think that they would affect the shape or form of the remainder of the O ring. I would say that they are out of the working area of the O ring so that they wouldn't affect it one way or the other.

Q. (By Mr. Miller): The fact that the O ring at the top and bottom has flat portions, as we have here in Exhibit 82, that does not prevent the ring from still being doughnut-shaped?

A. What do you mean by flat portions? Do you mean the part that goes into the washer, or

(Testimony of Robert C. Comstock.)

do you mean the O ring itself has flat portions?

Q. Well, I only see a rubber ring inside of the metal washer here. A. Yes, sir.

Q. And outside of a little circular lip here, there [141] seems to be an area that is flat between the innermost metal projection and that flat lip.

A. Yes.

Q. And that is flat?

A. Yes. I wanted to make sure we were talking about the same thing. I would say that would not affect it because, as I said before, that is outside of the working area of the O ring and its purpose is to achieve a bond between the O ring and the washer, and the fact that you have additional rubber there would not in any way add to or detract from the function of the O ring itself, so that it would not change its operation in any way.

The Court: The trouble is you are talking about function. You are talking about what it does. You are not talking about what it looks like.

The Witness: All right. Take it in terms of shape, then, your Honor. The shape from the edge of the washer on into the washer has no effect whatsoever on the operation of the O ring. You see, the fact that you have a little rubber projecting here into the washer merely gives you an additional bond between the O ring and the washer. It has nothing to do with the operation of the O ring in the sealing and therefore it has nothing to do with whether it is a doughnut-shaped ring.

The Court: I got your statement a little while

(Testimony of Robert C. Comstock.)

ago [142] to the effect that you consider this a doughnut-shaped ring.

The Witness: That's right.

The Court: Well, that's what he says.

Q. (By Mr. Miller): Considering the patent in suit or the drawing of it, instead of having the O ring circular in cross section, suppose it was square in cross section or rectangular in cross section. Would it still be doughnut-shaped?

A. No, I don't think it would.

Q. If you rounded off the corners, would it still be doughnut-shaped or would it not be doughnut-shaped?

A. Well, I think you would have to be a little more definite about it, about the actual contour, but I would say if you round them off, then where you have got a substantial area there in the corners, it would be doughnut-shaped because by that time it would be essentially circular in its cross section.

Q. Suppose it were octagonal in cross section, would it be doughnut-shaped?

A. I would be inclined to say it probably would be in an object of this dimension, because I don't think you could achieve perfect angles, and I think when you made a thing like this octagonal, it would come out round. You wouldn't be able to tell the difference between octagonal and round.

Q. I would still like to have an answer to the question. [143] Would the octagonal ring be doughnut-shaped or not?

(Testimony of Robert C. Comstock.)

A. I think it probably would be. I would have to see such a ring. As I say, I think it would come out so you wouldn't be able to tell whether it was octagonal or circular without putting it under a microscope.

Q. Supposing it were hexagonal in cross section; would it be doughnut-shaped?

A. There again it would depend upon how perfect these corners were. If they were rounded, as they probably would be in construction, it probably would come out doughnut-shaped, but I couldn't be sure until I saw one. It might or might not.

Q. Supposing it were pentagonal in cross section; would it be doughnut-shaped?

A. I rather doubt it but there again I would have to see one and see how it physically came out. If you have a bunch of angles in there, it isn't going to achieve the purpose you want. On the other hand, if it is sufficiently round, it will do it.

Q. How much do you have to round off the corners of a square ring in order to convert it from a square rubber washer into a doughnut-shaped rubber ring?

A. You would have to round it off enough so that when you deform the ring, it is pressed into sealing contact with the four sides of this rectangle area that the ring is mounted [144] on, so that you have a substantial sealing contact brought about.

Q. Can you tell me that in the form of a proportion or percentage?

(Testimony of Robert C. Comstock.)

A. Well, ideally in terms of percentage, you would like to have this rectangular void or area there 100 per cent filled with rubber so that there would be a perfect sealing. In actual use, it is probably advisable to go under that so that you have no danger of extruding the rubber.

In terms of percentage of the void there, I couldn't tell you exactly what would be perfect, but it would have to be a substantial percentage of the space there so that you would get a substantial deformation of the O ring into this area.

Q. Well, in this situation you have a space defined by the metal washer, the head of the fastener, and the wall of the tank.

A. That's right.

Q. In the case of the patent, that is rectangular in cross section.

A. That's right.

Q. You said the desirable thing is to fill that space up with rubber.

A. Yes, when it is in sealing position.

Q. What they are doing here is putting a round rubber [145] in there to fill a square hole, is that it?

A. That's it.

Q. Why don't you put a——

The Court: Let me ask a question. According to the claim, the ring is deformed.

The Witness: That's right. I think that——

The Court: Just a minute now. What difference does it make whether it is round or rectangular? Why wouldn't a rectangular or a square ring do just as well?

(Testimony of Robert C. Comstock.)

The Witness: That is exactly the essence of the invention, your Honor. You have hit it right on the head. If you put a square ring in there and then you apply pressure to it, nothing happens. If you put a round ring in there and you apply pressure to it, you deform this ring into a square shape. This ring wants to go back to a circular shape, and in trying to go back to a circular shape, it exerts pressure against all four sides of this area, greater pressure than you would get if you had a ring of square cross section, and when Mr. Miller says you put a round O ring in to fill a square space, that is exactly the essence of the invention. That is what nobody did before, put a round ring in to fill a square hole.

It doesn't make sense until you see the operation of it, and then it makes sense.

The Court: In your opinion, the invention was to [146] put a round ring—

The Witness: In a square, in a rectangular opening.

The Court: That is the invention?

The Witness: That's right, and to deform that into sealing contact.

The Court: Well, any ring or any kind of seal would be deformed under pressure, wouldn't it? Suppose you put an aluminum ring in instead of a rubber, and you bolted this down and put on pressure. There is a tendency to deform the ring, isn't there, regardless of the material?

The Witness: That's right, but this has to be

(Testimony of Robert C. Comstock.)

deformed in such a manner that it can be reused. In other words, it can't be extruded. You see, this is used on an airplane where it may be out in New Guinea or someplace and the man has to take it apart and put it together again, so that he has to have a bolt and sealing device he can take off and put on again. If you put an aluminum or something in there which changes its shape and stays in that changed shape, then it can't be used again.

This thing, when you take the fastener off, your O ring goes back to its circular contour. When you put it back in, the same function is achieved again.

The Court: So the invention is to change it from rectangular—— [147]

The Witness: From round to rectangular with a—I would make one additional provision, and that is you have a metal-to-metal contact between the head, the washer and the wall that it is being fastened to.

The Court: Can you tell me whether or not you know of any O rings that were used that were round?

The Witness: O rings are round and they were used, but they were never used in this manner. An O ring is customarily used in a moving application. [148]

* * * * *

Q. (By Mr. Miller): In your Exhibit 82——

A. Exhibit 82? Is that the Stat-O-Seal?

Q. ——would you say that the rubber in this

(Testimony of Robert C. Comstock.)

exhibit is about half and half, that is, the inner half of the rubber is round and the outer half is square?

A. I am not sure that I understand what you are getting at, but I think that the rounded part of the ring here is more than a semi-circle. It is substantially more than a semi-circle, so it must be more than half of the area that is rounded. I would say it is closer to probably three-quarters.

Q. Well, the outer one-quarter then, is square, that quarter that is next to the metal is square in cross section?

A. Well, you can't tell exactly what they have got here where it goes back into the washer, but if you took the line of the washer as defining the end of it, yes, you would say it is square.

Q. It is square next to the wall of the washer?

A. As I say, I can't see exactly what is in there, but if you take the line of the washer as defining the end of the rubber, why, then, it would be a straight line.

Q. Now, let's get to this word deformation, deformed. What is the meaning of deformed?

A. To change the shape, I would say. [150]

Q. When you put that Exhibit 82 between the head of a fastener and the wall, that inner one-quarter, which we say is square, and which is against the metal of the washer, is that deformed?

A. Taking that part of it, looking at that part alone, that is not deformed. The ring is deformed.

(Testimony of Robert C. Comstock.)

That particular part of it is not necessarily deformed.

Q. In the defendants' construction, Exhibit 8, is that portion of the rubber that is lying against the metal deformed?

A. That particular portion is not deformed. The ring is deformed. That portion is not deformed.

Q. Would you interpret this part of the claim, "whereby upon the underside of the head of the fastener compressing the rubberlike ring against a portion of one contiguous wall of the tank being fastened together"—this is the important part—"said ring is deformed into sealing contact with the bore of the washer * * *"

In the case of an O ring or a ring of rubber having circular cross section, is that true?

A. Yes, it is true.

Q. And that occurs here at the little space between the top edge of the ring and the top curve of the washer?

A. Well, yes, because sealing contact occurs along the entire wall of the washer there. [151]

Q. And you fill that little space?

A. That's right.

Q. And you change the shape of the O ring, rubber ring, deform it and fill that space?

A. That is correct.

Q. And you also have a similar space down here at the botom? A. That's right.

Q. Between the bottom edge of the bore of the washer and the bottom curvature of the O ring?

(Testimony of Robert C. Comstock.)

A. That's right.

Q. And it is deformed into sealing contact with that cylindrical surface that constitutes the wall of the bore of the washer? A. Yes.

Q. And that is what this means, this statement here, said ring is deformed into sealing contact with the bore of the washer?

A. When considered in connection with the circular ring, that is what it means, yes.

Q. It also says down here it is to be deformed somewhere else, doesn't it? It says it is to be deformed into sealing contact with the shank.

A. That's right. There is one deformation that takes place. It is deformed into sealing contact with four [152] places.

Q. Four places? A. Yes.

Q. In Exhibit 82, do you have deformation at all four places?

A. Well, I don't think the claim says you have deformation at all four places. It says the ring is deformed and it is deformed into sealing contact at all four places, and you do have a deformation with this ring 82 and you do have a sealing contact at all four places.

Q. But do you get the sealing contact with the bore of the washer by reason of deformation of the rubber ring? A. Yes, you do.

Q. Isn't it in sealing contact right now?

A. No, it is not in sealing contact in the sense that it is meant in this claim. Could I use the board to illustrate?

(Testimony of Robert C. Comstock.)

Q. Can liquid flow between the rubber and the wall of the bore of the washer in Exhibit 82?

A. Probably not.

Q. It is already——

A. You have a bond. You don't have a pressure seal. You have a bond there.

Q. It is already in contact with the——

A. In contact, yes, not in sealing contact, not in the [153] sense of a pressure contact. There is no pressure between the two.

Q. If that rubber ring or that portion of the rubber ring that is lying against the wall of the bore of the washer is subjected to pressure, there is no place for the rubber to go, is there?

A. No, there is no place for it to go.

Q. Therefore, it couldn't be deformed?

A. Well, that portion of it could not be deformed, but the ring itself is deformed.

Q. But that portion couldn't be deformed into sealing contact?

A. That portion is not deformed, but that portion is brought into sealing contact which did not exist before the deformation.

Q. I thought we agreed it was already in sealing contact with the wall of the bore of the washer.

A. No, we did not. I agreed it is in contact, but not that it is in sealing contact. Could I use the board to explain that?

Q. Yes.

(Witness going to board.)

A. I am a miserable artist, but looking at it

(Testimony of Robert C. Comstock.)

this way, this is your O ring and this is your washer here. You have a contact there between the two, and you have—— [154]

Q. Just a moment. To clarify it, is the rubber supposed to be round or is it supposed to be molded against the metal?

A. It is supposed to be molded in the sense that the Stat-O-Seal, Exhibit 82, or in the sense of the defendants' Duo-Seal—I am not sure of the exact structure here, but that is unimportant for this purpose. We have rubber here and then we have the metal washer or retainer ring, and we have another element there which we will call the bond. That could be actually glue, it could be a physical element in there like glue, or it could be a chemical action, such as vulcanization, or whatever method is used. You have a contact there between the two, between the rubber and the metal, which is brought about by the bond. If you deform this rubber, then you bring about a pressure here which brings about a sealing contact between the rubber and the metal, which is something that does not exist before.

When you take this out, when you hold it in your hand, there is no sealing contact there in the sense that pressure is being exerted by the rubber against the metal. You take the bond away, take that element out, and you take the two apart. If you deform this into sealing contact here and you took the bond away, if you could, by a chemical being put in there and dissolving that bond out, you would still have sealing contact between the rubber

(Testimony of Robert C. Comstock.)

and the metal, so you [155] have got something there that you did not have before and you brought about by deformation of the rubber.

It is true that there is no visible deformation of this portion of the rubber here, but there still is a pressure element, there is a physical change that takes place there that did not exist before, so that is why I say when you deform the rubber that you bring it into sealing contact with the washer.

Q. Let's refer to Exhibit 81 for a moment. Here the rubber is in contact with the inside of the bore of the washer.

A. That is correct, yes.

Q. Is it in sealing contact with it?

A. Well, I think it would depend on how you define sealing. There is a seal there. There is a physical or chemical seal. There is not a pressure seal.

Mr. Lee: Which one is that?

The Court: Then your answer is, if it touches, there is a seal.

The Witness: I am sorry. I thought we were talking about the Duo-Seal. I see now that these two are separate. This is the Lock-O-Seal. I'm sorry. Now, the question was whether there is a sealing contact between, when it is in a loose condition like this?

Q. (By Mr. Miller): Well, one thing is inside the other [156] there in your hands right now. Is there a sealing contact between the rubber and the metal?

(Testimony of Robert C. Comstock.)

A. Essentially, no. There is a light contact there, but it wouldn't be enough to be called a sealing contact.

Q. It is not a sealing contact? A. No.

Q. And you gain a sealing contact in that case by applying pressure axially to the rubber and squeezing it? A. That's right.

Q. And you don't have a sealing contact until you do do that? A. That's right.

Q. And you gain it by the fact that you change the shape of that portion of the rubber that is laying next to the wall of the bore of the washer?

A. That's right.

Q. And you don't gain that sealing contact until you do squeeze the rubber and have that deformation? A. That's right.

Q. When you have a piece of rubber molded and vulcanized to the metal from the top to the bottom of the metal—— A. Yes.

Q. ——you have sealing contact between the rubber and the metal to start with, don't you?

A. Yes. You have what I would say you would call a [157] chemical or physical sealing contact as opposed to a pressure sealing contact.

Q. And when you put axial pressure on that situation, you do not deform any portion of the rubber that is in contact with the metal, do you?

A. Well, I wouldn't agree on that, when you say you do not deform any portion of the rubber which is in contact with the metal, because you

(Testimony of Robert C. Comstock.)

would have a deformation or a stress set up in the portion of the rubber that is right directly adjacent to the metal. It wouldn't show in the outer edge of it, but certainly the rubber right up to that point is deformed internally and is under stress. There would be no physical signs of it.

Q. Can you have rubber or any material under stress without having it deformed?

A. Yes. You just said that there was no deformation of any portion of the rubber that was next to the metal. I didn't agree with it in those terms, because your deformation comes very close there. You would have deformation right underneath and on top and then you would have deformation in the sense of a force or a stress set up within the rubber. If you are talking about deformation of the external contour, there wouldn't be any. If you are talking about the internal type of deformation, there would be.

Q. Isn't it the external form of deformation that you are [158] talking about in your claim?

A. Yes, that is mostly what they talk about, but both things occur. I mean it is a complete deformation.

Q. This external form deformation that they are talking about here in the claim, that doesn't exist in the Exhibit 8, which is the defendants' construction, does it?

A. Well, that does not exist along that limited portion there. In other words, there is a deformation of the O ring, clearly there is a deformation,

(Testimony of Robert C. Comstock.)

but there is no deformation along that little particular part where it is up against the metal washer. Assuming that there is a complete contact from one end of the metal to the other with the rubber, which I am not exactly certain of, but assuming that, then there would be no deformation.

Q. Will you agree with me that if the use of deform, the word deform in this claim refers to physical deformation of the circular rubber O ring, that is change of shape of it, into sealing contact with the bore of the washer, that that does not occur in the accused construction, Exhibit 8?

A. No, it definitely does occur. The claim calls for the ring being deformed. It doesn't say half way part of the ring has to be deformed. It says that the ring is deformed into sealing contact. The ring is deformed. I think you have agreed it is deformed into sealing contact on the other three sides. That leaves only that fourth side. I think the [159] ring is deformed into sealing contact with that fourth side for the reason that I have pointed out, that you have a sealing contact there, a pressure of the rubber of the O ring against the metal washer that did not exist before. You have created a new sealing contact in addition to the bond that existed before, so that you have a bond plus the sealing contact brought about by the deformation of the rubber. If you took away the bond, you would still have a perfect seal. If you could get in there and destroy the vulcanization between the rubber and the metal O washer, you would still have sealing

(Testimony of Robert C. Comstock.)

contact. Therefore, it must be there. It is there when you deform this ring.

Q. It was already there before you even started out.

A. No, it was not there. There was only a chemical or physical bond. There was no pressure type sealing contact. There was just a connection of the two, but there was no pressure between them.

Q. Well, we can approach it this way. In the patent in suit, the O ring, when it is positioned between the head of the fastener and the tank wall, you have the O ring that is not in sealing contact with anything before you start tightening up your fastener.

A. That's right.

Q. Then the claim says the ring is to be deformed on tightening the fastener into sealing contact at four places. [160]

A. That's right.

Q. And what are those four places?

A. The bore of the washer, the shank, the head of the fastener, and the contiguous portion of the wall.

Q. In other words, you are to obtain your sealing contact at all four places by the fact that you tighten the fastener?

A. That's right.

Q. Now, will you agree with me that in the accused construction you only obtain sealing contact at three places?

A. No. Actually you start off with one. In the patent in suit, you start off with no sealing contact, and by deforming it you achieve four. With the

(Testimony of Robert C. Comstock.)

defendants' structure, you start off with one physical sealing contact, and you deform it and you achieve four, just like in the patent in suit. So you end up with five sealing contacts, two of which overlap. You have one along the edge of the washer. You have two types of sealing contact there. One is the bond and the other is the pressure of the rubber against the washer.

Q. Now, are you talking about the second seal due to the pressure? A. That's right.

Q. Is that due to pressure or due to deformation? A. It is due to deformation.

Q. Well, is the ring deformed? Does the shape change? [161]

A. Certainly, the shape of the ring changes from round to rectangular in cross section.

Q. Against the bore of the washer?

A. We are going back to that again. That particular part of it is not deformed, but the rest of it it deformed, so that you can't say the ring is not deformed, because one little part of it is not deformed. The ring is deformed.

Q. But this claim says that the ring shall be deformed at all four places.

A. No, it does not. It says the ring shall be deformed into sealing contact with all four places, and it is deformed into sealing contact with all four places. It doesn't say all four points of it have to be deformed.

Q. In the defendants' construction, instead of

(Testimony of Robert C. Comstock.)

being deformed into sealing contact, it is already in sealing contact.

A. It is already in sealing contact at one of these four places, and it is additionally deformed into sealing contact at all four places so that one of them overlaps. You don't have a four and three situation. You have four and four, where the fourth overlaps one presently existing seal.

Q. Coming back to this, does the shape—again I will show you Plaintiffs' Exhibit 15 for identification. I call your attention to the pages in here identified as Termin-O-Seal. I call your attention particularly to the shape of [162] this rubber here. Is that doughnut-shaped?

A. Yes, I think it would be.

Q. It has a flat top?

A. Yes, and there is one flat—there is a flange there, you might call it, or shoulder, in addition to the rounded or circular portion which projects from one side, but I don't think that would change the essentially rounded or circular portion there, which is certainly more than a semi-circle. There again you have got at least an approximately three-quarters of a circle.

Q. Then the fact that the rubber ring has a flat top does not prevent its being doughnut-shaped?

A. No. I think if a portion of it is flat, it doesn't prevent it from being doughnut-shaped.

Q. I call your attention also to the pages in here identified as Gask-O-Seal. We have one page here with a Gask-O-Seal showing installation, and an-

(Testimony of Robert C. Comstock.)

other page showing an enlarged cross section. I call your attention to the shape of the rubber here, the cross sectional shape of it. Is that doughnut-shaped? A. I think it is.

Q. And the fact that the rubber has an inside straight wall, this would be the inside, I assume, straight wall, and an outside straight wall, doesn't prevent its being doughnut-shaped? [163]

A. I think that is a little misleading. I was looking at it in the contour of the inner portion. It is a little hard to describe here, but you have got a straight wall and then it comes over and tips down, and then it starts the rounded portion, and that is—looking just at the rounded portion, there is an ellipse, or something along that line. It doesn't have really much of a straight portion to it. In other words, taking it right across here, if you straighten out those lines, you would have a sort of an oval probably, but the best way to describe it is that you would have a couple of flat portions on opposite sides of the oval, but that type of a shape would probably work. If it would not function in the Lock-O-Seal, it would be because it is a little too long in one direction in proportion to the other. In other words, you can't get too far away from the circular there without reaching a condition where you are likely to extrude the rubber when you apply this pressure to it. Maybe this would go beyond that limit. I don't know.

Q. Well, I would like to get an answer to the question. The fact that I see here some metal on

(Testimony of Robert C. Comstock.)

the inside, and it has got a straight vertical wall, and some metal over here on the outside, it has got a straight vertical wall, and the rubber fits right against it or is shown as fitting right against it, those straight walls, the existence of those straight inner and outer walls does not prevent the ring from being [164] doughnut-shaped?

A. If you are going to say is all of this rubber merely doughnut-shaped, then the answer would be no, because you have got some additional things here, but I would say the center part of it there appears to be doughnut-shaped, but you have got a doughnut-shaped — taking those two halves there, they are split in half to start with, but if you put the bottom and the top together, I would say you have got essentially a doughnut-shaped center portion with a couple of ellipses or shoulders or flanges on each side, but the thing really comprises two halves to begin with, and then it has got these outer walls on it, so it has got other portions to it.

Q. Well, considering the rubber as a whole that you see in that view, is it doughnut-shaped?

A. I would say, considering that as a whole, it comprises a center portion which is substantially doughnut-shaped and with some additional shoulders on it. I don't know any other way to express it.

* * * * *

Q. (By Mr. Miller): Referring again to Plaintiffs' Exhibit 15 for identification and referring to the page identified [165] as one-piece Lock-O-Seal,

(Testimony of Robert C. Comstock.)

this seems to show an outer metal retainer with a rubber ring on the inside of it, with a metal fin on the metal retainer that goes into the rubber. Does the fact that you have this external cavity on that rubber, taking that into consideration, is that rubber ring doughnut-shaped?

A. In the picture you are pointing to, it is in a rectangular contour, but assuming that it was circular before then, then I would say it would be doughnut-shaped. The fact that a flange of metal went into it on one side, I don't think would affect it or change it in any way. The only one here that shows it before deformation is this perspective in the upper right-hand corner. I assume that is the same as this exhibit we have here, Exhibit 82. It looks like it anyway.

Q. Somebody has labeled this one-piece Lock-O-Seal, and this is the one-piece Lock-O-Seal.

A. Yes. They are both labeled the same, so I assume it would be the same, so apparently on this Exhibit 82 we have a metal flange of some kind going in there. It is not visible from the physical contour here and I don't see how it would affect the shape or operation of it if it is constructed as shown in this catalog.

Q. Then if the outer portion of the rubber at the top and bottom is flat and you have a fin going in from the metal, [166] as we see in the brochure, that still is doughnut-shaped rubber?

A. Yes, because all of this that takes place is just a means of mechanically bonding the rubber

(Testimony of Robert C. Comstock.)

ring to the metal washer and has no effect on the operation of the ring, so I don't think it changes it from being doughnut-shaped.

Q. Now, I will show you a copy of U. S. Patent to Hart, No. 67,539, issued August 6, 1867, and call your attention particularly to figure 5. If I tell you that the outer ring F is of metal and the inner ring E is of rubber, and I call your attention to this shape here, is that shape any criterion as to whether that ring E is doughnut-shaped or not?

Mr. Fulwider: Object, your Honor, to the introduction of the defendants' defense material at this time. It goes outside the scope.

The Court: He is not trying to introduce it. He is trying to find out what this witness means by the word doughnut.

Mr. Fulwider: I think, your Honor, he is referring to prior patents. That is the prior art and that has to do with defendants' case. There will be a proper time for him to put it on. This is not the proper time.

The Court: Overruled. It is only limited to the question of whether or not he considers that a doughnut shape. [167] That is substantially square in its sectional configuration.

Q. (By Mr. Miller): Do you understand out here on the outer side it is beveled off or angled off?

A. Yes, there is a little beveling off there, particularly at the point where it joins the metal washer, but you could draw a straight line along there, along that side that is enclosed by the washer,

(Testimony of Robert C. Comstock.)

and you would end up with substantially a square section, cross section for the rubber.

Q. I am directing my attention to the outer side of the rubber ring. As I understand you, it could either have an indentation in it, like we see in the one-piece Lock-O-Seal brochure, Exhibit 15, or it could also have the indentation the other way, as we see in figure 5 of the Hart patent, and it has either configuration, and it would still be doughnut-shaped as far as the outer side of the ring is concerned?

A. I am not sure I can follow all of that, if there is a particular question there. What is the question?

Q. As far as the outer side of the ring is concerned, in the Hart patent, the fact that it is beveled off here, that is or is not still doughnut-shaped, as far as the outer side of the ring is concerned?

A. By outer side of the ring, just for the record, you mean the side of the rubber ring that engages the washer. I don't think the contour of that side is particularly important. [168] The important part is the contour of the ring as a whole. In other words, whether it is substantially circular or whether it is rounded off so that when it is deformed it will form a sealing contact in this rectangular opening. In here, using your terminology, if you take the contour of the inner portion of the rubber ring, it is substantially square, rather than round.

Q. The reason that these seals are made round

(Testimony of Robert C. Comstock.)

in plan, round in configuration when you look down on them, is that they are designed to fit around cylindrical fasteners such as bolts and rivets.

A. That's right.

Q. Suppose that the bolt or rivet happened to be oval-shaped in cross section, would you make the metal washer oval-shaped and the rubber O ring oval-shaped?

A. Certainly, your metal washer would have to be oval-shaped, because you couldn't deform it, assuming that you have a rigid metal washer. It would have to correspond in its contour. The rubber, you could probably take a pure circular one and put it around an oval shank, assuming you had your proportions right. You could do it either way, I should imagine. I haven't ever considered that proposition. I don't know.

Q. You just make the configuration of the rubber ring and the metal ring to conform to the shape of the cross section of the shank of the fastener that you are going to seal. [169]

A. You would necessarily, the metal, I think. As I say, you might or might not have to make the rubber ring. You might be able to use a circular rubber on it.

Q. Are you familiar with carriage bolts?

A. Is that a bolt which is square in cross section?

Q. Near the head of the bolt, they have a square portion.

A. Yes.

Q. You have seen those?

(Testimony of Robert C. Comstock.)

A. Yes, I believe so. I have seen those.

Q. Suppose you want to seal a carriage bolt that had that squared portion. Would you make the metal ring and the rubber ring square to fit around that?

A. Well, you have got a different problem there. You could probably approach it either way. You could probably approach it with a circular ring and a substantially—that is a circular washer and a substantially circular ring, or you could probably approach it from a square one. I think if you sat down to work it out, you could probably do it either way, but I wouldn't be sure about it.

Q. To put the circular washer around the square portion of the carriage bolt, you would only have the rubber contacting the corners of the carriage bolt, wouldn't you?

A. Initially, that is true, when it wasn't under stress, but probably if you put a square retainer ring around [170] it, then you would probably force it into contact on all four sides, but certainly when you put a round piece of rubber around a square thing initially, you are only going to make contact at the four corners, unless you put some element in there to force it in.

Q. The natural thing to do would be to make a square washer, metal washer, and a square rubber ring?

A. I think that is probably the first thing you would do if you were trying to make that type of a seal.

(Testimony of Robert C. Comstock.)

Q. Would you say that the rubber when it was square configuration is still doughnut-shaped?

A. Well, the doughnut shape, I think, refers more to the sectional configuration of the ring rather than the overall configuration, because the claim says a rubber-like doughnut-shaped ring.

Presumably the word ring means the circular and the doughnut-shaped would mean more the cross section.

Of course, this phrase has to be interpreted in the light of the drawings and the disclosures of the patent, but I would say if you had the square in configuration, but you still had it rounded or substantially circular in section, that it would probably come within that term, doughnut-shaped ring.

I think you can have a square ring. [171]

Q. I will show you a copy of the Seligman Patent No. 2,191,044 and ask you whether or not the shape that we have here of the rubber shown in Figures 6 and 7 is doughnut-shaped.

A. Yes, I think that would be.

Q. Assuming that the rubber in this patent is bonded to the metal 15, how would that compare in shape with the shape that the defendants are employing?

A. Well, the defendants bring in the rubber more here, I think, more of an indentation, in order to avoid extruding the rubber in this corner. If you applied pressure on this the way it is constructed, you would probably have some extruding of the rubber at these two points. It is difficult to

(Testimony of Robert C. Comstock.)

determine exactly how the defendants' device is constructed in section, but as I see it, there is an indentation of some kind there so that it comes more like that, and then there is some sort of a little V or indentation at this corner there so that you don't have that chance of extruding or nipping the rubber.

Q. The defendants employ an outer metal ring similar to the ring 15 in Figs. 6 and 7?

A. No, that is not true. The element 15 here is a license plate shape. It goes around here. This is a substantially rectangular shape, where in the defendants' device it is a circular ring. This is a sort of gasket, I [172] guess you would call it.

Q. But didn't we agree here a minute ago that the term "ring" could be either a round ring or square ring?

A. Yes, that is possible.

Q. And whether it is a round ring or square or rectangular or license plate shape, it is still a ring.

A. Yes, in the sense of using "ring" in the sense of something that encircles something, yes.

Q. All the metal ring does in this thing is to confine the rubber.

A. No, that is not all it does. It provides a metal-to-metal contact between the head of the fastener and the wall to which the fastener is applied. That is equally important to the confining of rubber.

Q. The metal-to-metal contact surface?

A. That's right. The head of the fastener or bolt to the washer, and the washer to the wall.

(Testimony of Robert C. Comstock.)

Q. Now, in the defendants' construction, the inside surface of the metal retainer is straight from top to bottom, such as we see here in Figures 6 and 7.

A. As I said, I don't think it is exactly like 6 and 7. I think that——

Q. Just answer the question, please.

A. Would you ask it again?

Mr. Miller: Read the question, please. [173]

(Question read.)

Mr. Lee: Your Honor, I would again like to object to this line of questioning. Now we have got beyond looking to see whether we have a doughnut and we are going to the construction of each one of these prior art patents, which are not yet in evidence, and which is part of the defendants' case.

The Court: That is true, but evidently the court is going to have to determine what is meant by doughnut shape. I assume that there is going to be a divergence of opinion from the experts as to what that means. I thought when I first read this I knew what a doughnut was. I have come to the conclusion I don't. I don't know who knows. This man has a right to his opinion. I think this is proper cross examination to find out what he is basing his opinion on.

Mr. Lee: Your Honor, I call to your attention that we are not now talking about this rubber ring.

The Court: Yes, we are.

Mr. Lee: Mr. Comstock testified this was in his

(Testimony of Robert C. Comstock.)

opinion a doughnut-shaped ring. Now we are talking about the entire structure.

The Court: Overruled.

The Witness: The part of the question I was answering was when you say the defendants' device is just like Figures 6 and 7, I was pointing out it is not, as I understand [174] it. There is a seal between the rubber and the metal, but, as I understand it, there is an indentation there so that you get an effect something like that, as far as I can tell. So that you have a straight line and then you have the rubber, being narrower in diameter toward the inner, as you put it, toward the inner surface of the ring, there is a point there of reduced diameter before it flares out again.

Q. (By Mr. Miller): Will you show me that? Do you see a similar construction here of 82?

A. Well, I would rather talk about your device, which is what I was talking about. This is 82. It is manufactured by the plaintiff. It is very difficult to show the principle. I would rather refer to some of those charts we had here yesterday. I believe the blow-up of your circular, 1104-D, shows that better. It is almost impossible to look at this and determine.

Q. When you said "this," you are looking at Exhibit 8.

A. Yes. I think this here shows that you have a—this is the indentation I am talking about, right in there, where the rubber ring is of reduced diameter, so that you have a sort of a little V-shaped

(Testimony of Robert C. Comstock.)

notch there, which you don't find in this Seligman patent.

Q. Then you can show it on the chart, but you can't show it on Exhibit 8.

A. I suppose you could put your finger in there or you [175] could put a piece of paper in there and catch it.

Q. Can you do that?

A. Well, this is so small here. Yes, I think it catches in there. As I say, it is so small, I am not certain in looking at it what the configuration is, but it seems to me there appears to be more of a dip on one side than the other in this particular one.

Q. Can you do it on Exhibit 82? Isn't that your paper catching there?

A. I think so. I think there is a dip in there.

Q. The same way? A. Yes, I think so.

Q. Now, the fact that the rubber has a straight surface from top to bottom, as shown in this figure, doesn't prevent that from still being a doughnut-shaped ring?

A. No. That fact alone doesn't prevent it.

The Court: He has testified that way two or three times, Mr. Miller.

Q. (By Mr. Miller): And this has the rounded interior, so that that has the doughnut-shaped ring in that regard.

A. Yes. The main difference between this and the Duo-Seal or another device which would work like the Gross patent is that you would have to prevent extruding of the rubber in the corners here.

(Testimony of Robert C. Comstock.)

Q. Are you saying that this is unsuccessful because [176] of the fact that it would extrude?

A. I think it would be unsuccessful, probably would be unsuccessful, if used in the Gross device, that is, if you constructed it, assuming you are going to construct one of circular configuration and with a cross section and everything as it is there.

Q. Have you done any testing to determine that?

A. No, I have not.

Q. That is just your opinion.

A. That's right.

Q. Have you made any investigation to determine how close this chart, how accurate that is with relation to the actual device?

A. I have not done anything myself. I have seen micro-photographs that were made of the device, and I believe that they showed less of an indentation than the defendants put on their own chart, but I am not sure of that. I don't recall exactly because I didn't pay a great deal of attention to that phase of it.

Q. As far as you know, this was just prepared by an advertising agency?

A. As far as I am concerned, I do not know who prepared it.

Q. Now, we were talking a while ago about the hexagonal rings and the octagonal rings, and pentagonal rubber rings, [177] and so forth. You made some mention about the sharpness of the corners. Do I understand from you that in molding rubber it is impossible to obtain a perfectly sharp corner?

(Testimony of Robert C. Comstock.)

A. No, I didn't say that. I think many times when things are made out of rubber in a hexagonal or octagonal shape like that, your corners are actually rounded off. I wouldn't say it is impossible to make one. It would depend on the person making it and how closely they hold their tolerances, and so on, but I was just basing it on general experience with rubber things, that normally the corners are rounded. I wouldn't say it is impossible to make a square or a perfect rectangle, or whatever you wanted to do. I just state that probably my answer would depend on how things came out, because I think if you get too many angles in the thing, it is not going to work in the manner that Gross wants them to work and, therefore, it would not function and not come within the terms of the patent.

On the other hand, if you round off your corners, it probably would work, so I was trying to make a distinction between what is and what is not doughnut shape. It would depend a lot on how rounded those corners are. That is what I was getting at.

Q. Then if you start out with a rubber ring that is square in cross section, you are going to have in the normal course of manufacture rounded corners on it. [178]

A. A ring that is square in cross section is not going to work either, because there is no place for the rubber to go. If you put in a perfectly square in cross section or rectangular in cross section rubber ring in here and you apply pressure to it, your rubber has got no place to go. You can't reduce the

(Testimony of Robert C. Comstock.)

volume of it, so it could not be deformed into this sealing contact, so it would not work here. When you start rounding off the corners and you get a round configuration essentially, then it is going to work. As to drawing the dividing line when it does and does not happen, I don't think you can just sit down and speculate about it.

Q. I don't think you have quite answered my question.

A. I am sorry. What is the question?

Mr. Miller: Will you read the question, please?

(Question read.)

The Witness: Yes, I think that in ordinary manufacture you would, unless they were particular about achieving exactly square corners. If they wanted to watch it and reject every one that did not have exactly square corners, then they could certainly turn them out that way.

Q. (By Mr. Miller): And are those rounded corners to any substantial extent that you will get in molded rubber?

A. You are talking about some corners that don't exist now. The question is, are they to a substantial extent. I don't know. If you say they are, then they are. If you say [179] they aren't, they aren't. They are hypothetical.

Q. I show you Figs. 5 and 6 of the British Patent No. 537,654. I call your attention to Figures 5 and 6. In Figure 5, is that ring doughnut-shaped?

A. What do you mean by the ring?

Q. The ring in here is the inside part 7, which

(Testimony of Robert C. Comstock.)

is within a retainer 8, and it shows a cross section of it. Is that doughnut-shaped?

A. No, that is not doughnut-shaped. It appears to be square in its cross section.

The Court: It would be doughnut-shaped if you shaved off the corners?

The Witness: Yes, if you shaved them off enough so you get a substantially circular effect, then you have got a doughnut shape.

Q. (By Mr. Miller): If they were made in the normal course of manufacture, they would have rounded corners?

A. Oh, I would say in the normal course of manufacture, it would not have sufficiently rounded corners to make it operate like the Gross device, probably. There again, it is speculation.

Q. How much rounded corners do you have to have in order to get it to work like Gross?

A. Well, that is like saying how high is up. I don't know just where the dividing line is. Certainly Gross and the [180] Duo-Seal work effectively, so those devices are effective. This I don't think would be. The dividing line is somewhere in between. I would phrase it this way. You have got to have enough rounded or void in there so that you can deform the rubber into that void and achieve the sealing contact. I think you have to state it in terms of function, rather than in percentages. I don't know any other way to define it.

Q. Well, when we are talking about this deformation in this Exhibit 82, the only way that rubber

(Testimony of Robert C. Comstock.)

can deform is radially inward, isn't that true, when you tighten up your fastener?

A. No. You get deformation in the four corners. I think you probably have less deformation on your inner two corners there, less filling in.

Q. How do you get any deformation on these corners here that are out here by those little teeth, when they are already filled with rubber?

A. I thought we agreed there were some areas in there which are not. If there are no small areas there that are unfilled, there would be no void to fill. If there is a void there, it would be filled.

Q. Can you see any void there to be filled with rubber?

A. Yes, I think there is. I think I can feel one there. [181]

Q. In the nature of it, how much is it? A thousandth of an inch, one ten-thousandth of an inch?

A. I don't know. Just a small amount is about all I can say.

Q. I believe you testified in discussing the Gross patent that no one had ever put in a round ring in a square hole before or square cavity.

A. Well, they didn't put a round ring in a square cavity with the round ring being deformed into sealing contact with the four sides of the cavity and with a metal-to-metal contact between the bottom of the head of the fastener and the washer on the outside and the wall to which it is attached.

* * * * *

(Testimony of Robert C. Comstock.)

Redirect Examination

Q. (By Mr. Lee): I believe you testified earlier that you examined Plaintiffs' Exhibit 9 and the data sheet, 1104-D. A. Yes.

Q. I believe you——

Mr. Miller: What is it you are referring to here?

The Witness: That is the page with the illustrations on it.

Mr. Miller: All right.

Mr. Lee: For the record, 1104-D states it is a publication put out by Rubber Teck entitled at the top "Duo-Seals by Rubber Teck, Inc."

Q. You testified that the chart, Exhibit 85, was what?

A. That is a straight blow-up of the portion in red in the upper left-hand corner, or a portion of this circular 1104-D. We have two, in effect, red rectangles here overlapping, and it is all of the area up here with the section line AA, the term "O-ring," cadmium plated steel washer, it is that area right in there blown up about five or more times, probably.

Q. And the defendants' literature, 1104-D, what [183] terminology do they use to refer to the rubber part?

A. They refer to it as an O ring.

Q. Where do you find that terminology?

A. That is found at the top. They say O ring and washer, and then on the drawing they use the expression "O ring" and at the right side of this drawing, they say O ring twice, and then down be-

(Testimony of Robert C. Comstock.)

neath this portion that was blown up is the term "O ring" again, so it is on there about five or six times.

Q. Now, we have done a lot of talking this morning about the relationship between the rubber ring and the space within the retainer. What would you say was the relationship that must exist between the volume of the rubber ring and the volume of the space in which it is to go if you are to have a working part?

A. As I said before, I think the ideal relationship would be 100 per cent, that is, when the rubber was deformed, it would completely fill the void. Actually, you would probably want to shave that a little to avoid any chance of extruding the rubber.

Q. What would happen if you had more rubber than space to put it in?

A. If you have more rubber than the space, then your pressure is going to be against the rubber, rather than against the washer. You are going to lose the metal-on-metal [184] contact, and you are just going to tighten the head of the fastener down against the rubber. Over a period of time that pressure is going to cause this rubber to extrude out and destroy the sealing effect there.

Q. With reference to the Exhibit 86 and the drawing taken from the patent in suit, would you explain what you mean by that rubber extruding out too much?

A. When you tighten the head of the bolt down, you tighten it down with a considerable amount of

(Testimony of Robert C. Comstock.)

pressure against this washer, which pressure is in turn carried to the metal here, and that is usually measured with a torque wrench at the time you apply it so that you have a fixed amount of pressure existing there. If you had more rubber there than this void, then you would actually be putting your pressure on the rubber and you would get a false reading as to the amount of pressure that exists there, because the pressure would not be exerted on metal to metal. It would be on the rubber and the rubber would actually, due to this pressure, would flow between the head of the fastener and the top of the washer, or between the washer and this wall here, or out one of these places. It would be most likely to go out at one of these corners here.

When that happened, if your rubber did extrude out, then you would have less pressure between the head of the fastener and your wall here, because what was formerly existing [185] against the rubber would in effect disappear when the rubber extruded out, so that you would have a reduced pressure there. In other words, you would have a looser seal and then you would have more of a likelihood of leakage occurring. You would have a change taking place in the type of seal that you have there.

Q. You stated the rubber would have to be deformed. What causes the rubber to extrude under these conditions? What is the physical property of the rubber?

A. The rubber cannot be compressed in the

(Testimony of Robert C. Comstock.)

sense that it cannot change its over-all volume. This type of rubber that we are talking about here maintains a fixed volume. It is like whether you changed from circular to square, you still have the same amount there. Only a rubber like a foam rubber can be compressed down to where there is less there than there was before. So if you have got a fixed amount of rubber and you have got more rubber than you have area, the rubber has to go some place. If it doesn't extrude out to start with, it would have to be in there between the head of the fastener and the washer and the wall. Then there is a constant pressure on it and due to that it will eventually force this rubber to flow out through one of these openings. In other words, you have got a certain amount of rubber and it would have to go some place.

The Court: It's very important, isn't it, to have [186] the rubber washer of the right size as well as shape?

The Witness: That's right.

The Court: You say it is necessary to have a round shape, but it is very important to have a necessary quantity of rubber.

The Witness: That is correct, your Honor.

The Court: That is, if you have too much it extrudes, and if you don't have enough, it doesn't fill up the cavity.

The Witness: That's right.

The Court: To determine the exact amount of rubber necessary in the washer, is that invention?

(Testimony of Robert C. Comstock.)

The Witness: Yes, your Honor, because this type of relationship had never been used before.

The Court: I am not talking about the relationship at all. I am talking about whether or not to determine the volume of rubber is invention.

The Witness: To determine the volume of rubber as used in this structure, because the whole concept is novel. In other words, given the Gross patent and then to determine the volume from there on, no. In other words, once you are handed the invention and you are going to put it into practice, that is very simple to do. But without the Gross patent in front of you, it is not simple.

The Court: Isn't it true it is not invention if [187] you can solve a problem by trial and error, that is, you use so much of the material and try it and find out whether it is too much or too little, and if it is too much, you reduce it, and if it is too little, you increase it? That is not invention? That is trial and error, isn't it?

The Witness: Broadly stated, that is true, but you wouldn't have these relationships to start with without the inventive concept of the patent. In other words, you wouldn't be trying to fit these dimensions unless you had the Gross patent in front of you.

The Court: Let's assume that we have a metal washer that is designed to do a certain job.

The Witness: That metal washer to start with is going to have an inner diameter that is equal to that bolt.

(Testimony of Robert C. Comstock.)

The Court: Wait a minute. I don't care whether it is one inch or fifty inches.

The Witness: All right.

The Court: You have a metal washer designed to do a certain job.

The Witness: Yes.

The Court: Is it invention to determine how much metal should go into the washer, that is, how thick it should be?

The Witness: Not if it is going to be used as an ordinary washer, no, it doesn't make a great deal of difference. [188]

The Court: So suppose we have an O ring and the question comes up, how much material should go into the O ring to be used for a certain purpose. Is it invention to determine the question of the amount of rubber that is to be used?

The Witness: No, I don't think so.

The Court: All right.

Mr. Lee: I have one more question, your Honor. We have had lots of discussions. I want to clarify the record with this question.

Q. You have examined the Duo-Seal device, Exhibit 8, and the patent in suit, is that correct?

A. Yes.

Q. And you do find each and every element called for in Claim 1 of the patent in suit is found in the Duo-Seal device?

A. Yes, as I pointed out with this chart. I think it is Exhibit 85.

Mr. Lee: That's all.

(Testimony of Robert C. Comstock.)

The Court: I would like to ask the witness a question or two. It is not often that I have good expert witnesses on the stand.

The Witness: Thank you, your Honor.

The Court: I consider you an expert. As an expert [189] witness, you define in a few words for me, if you can, what is the difference between the term "doughnut-shaped" and a body of circular cross section?

The Witness: To define it in just a couple of words, I would say a doughnut-shaped ring is a broader term than body of circular cross section. I would say it means a body of substantially circular, or similar to circular in cross section.

The Court: Then you would say circular cross section means an accurate circle.

The Witness: Yes.

The Court: And a doughnut shape does not mean accurate.

The Witness: That's right.

The Court: It can vary from time to time.

The Witness: That's right, it can be varied.

The Court: Or from place to place.

The Witness: That's right. That is the way I would define it.

The Court: Have you got the patent in front of you?

The Witness: Yes, I have, your Honor.

The Court: Will you look at Claim 1?

The Witness: Yes.

The Court: I am going to ask you this question,

(Testimony of Robert C. Comstock.)

and I want to know if Claim 1 could not be read in the way I [190] am going to read it, changing one word only.

The Witness: All right.

The Court: “* * * a washer of rigid material having a central bore, surrounding the shank of the fastener and adapted to make rigid contact with the head of the fastener and a tank wall, and a rubber-like ring so shaped that said ring when deformed will form a sealing contact with the bore of the washer, the shank, the head of the fastener, and said contiguous portion of said wall.”

All I have done is take out “doughnut-shaped” and inserted “so shaped”.

The Witness: Yes, I would go along with that.

The Court: You would go along with that?

The Witness: Yes, I think that is a paraphrase of the claim.

The Court: And if that were so written, that instead of using “doughnut-shaped” you used “so shaped,” you would then consider it a valid claim?

The Witness: There you are getting into a question of a technicality in patent wording. A patent lawyer has to try to avoid what are called functional phrases. In other words, wherever possible, you try to avoid defining a physical element solely in terms of its function, because there has been some criticism of functional claims. I believe now they are considered to be proper, but it is something patent lawyers [191] are always fighting over,

(Testimony of Robert C. Comstock.)

so you would try to avoid defining it solely in terms of its function.

The Court: I have never been a patent lawyer and I have never drawn a claim or had any experience in drawing a claim, but I know when a patent lawyer comes to drawing a claim, he is confronted with the question as to what words he is going to use to describe and to convey to other people what he means.

The Witness: That's right. It is a tough situation, too.

The Court: It is a terribly hard question to answer. This party who drew the claim described this as doughnut-shaped.

The Witness: Yes.

The Court: I suppose he did that with the idea that everybody knows what a doughnut-shaped object is. I thought I did before you explained it. I don't know now whether I do or not. But he used the word "doughnut-shaped."

The Witness: Yes.

The Court: Would it have been just as well for him to have said, instead of saying doughnut-shaped, so shaped that it would be deformed?

The Witness: Well, as I say, it would be just as well except for this technical objection that the examiner would probably raise to our defining a physical element solely [192] in terms of its function and they prefer to have some term in there that is not purely functional, so you put in a word like "doughnut-shaped," but you interpret that in

(Testimony of Robert C. Comstock.)

the light of the remainder of the claim and also in the light of the specifications and drawings, so that looking at it that way, it means that it would have to be rounded off or cut off at its corners in order to get this effect, but as a patent lawyer you would try to avoid that and the examiner would probably criticize you if you worded it in that manner. But that is actually the essence of what the claim means. Any ring that is so shaped that it will perform this in my opinion would be doughnut-shaped. I think it would have to be. If you could figure out some way to make it—I don't see how you could possibly do it without having a ring that is sort of rounded or sheared off at the corners. If there is some other conceivable way to do it, maybe that would avoid infringement, but I can't see how it could be done.

The Court: I asked you that question with a certain thing in mind, because a question came up in my mind when I first read the patent before trying the case of what is meant by doughnut-shaped, and the only way I could figure out was that it was some object shaped in the form of a doughnut.

The Witness: That's right.

The Court: And recognizing the fact that doughnuts [193] are not uniform, at least they were not uniform when they were handmade, but now they have machinemade doughnuts they are more uniform.

The Witness: They aren't as good, though.

The Court: They are probably not as good, but

(Testimony of Robert C. Comstock.)

everybody has a definition of the word "doughnut-shaped." Doughnut-shaped, in your opinion, is broader than circular cross section.

The Witness: Yes, I think so.

The Court: But you believe that the words "so shaped" could be substituted for "doughnut-shaped."

The Witness: Apart from the technicalities of patent law, yes, looking at it from an interpretation point of view, yes.

The Court: I wonder if any other counsel here have read the Parker case.

Mr. Lee: Parker?

The Court: Yes, the Parker case.

Mr. Lee: I am not sure which one that is, your Honor.

The Court: I can't give you the citation offhand. I can give it to you later. But the case is rather similar to the case at bar, although I haven't heard all the evidence in this case. That involved an airplane part, but it involved the connections of the tubing. It was necessary to transport [194] oil or gas from one place in the plane to another under high pressure. The problem arose as to what kind of connection you could have in the tubing, and Parker had a patent in which he described this tubing, and he used this term "so shaped" so that it will do so and so. That is why I asked you the question as to whether or not we could use the words "so shaped." [195]

* * * * *

(Testimony of Robert C. Comstock.)

Recross Examination

Q. (By Mr. Miller): On your redirect, you spoke about the relationship of the rubber to the metal or the relationship of the rubber to the void.

A. Yes.

Q. Is there anything in the patent that describes this relationship?

A. There are several things in there that describe it. In the claim, for example, and probably also in the specification, [196] it says that the diameter of the rubber ring is greater than that of the washer, and that it is normally protruding beyond the washer, and then referring to the drawings of the patent, it shows the rubber ring when deformed has completely filled the area, and it also refers to it as forming a sealing contact with these four areas we have spoken about.

It also says there is metal-to-metal contact between the head of the fastener and the washer and the wall and if you put these together you can't come out with anything else.

Q. Supposing you had a bolt, say a quarter inch in diameter, and you have a washer that is, say, one-sixteenth inch in thickness. Can you tell what the inside diameter of the washer should be and the diameter of the O ring should be?

A. Would you read the question, please?

(Question read.)

The Witness: Well, your O ring should be large enough in its inner diameter or inner circumference, however you want to call it, to fit around the

(Testimony of Robert C. Comstock.)

shank of the bolt so that would be about a quarter inch or maybe very slightly less.

Then the thickness of the O ring would have to be greater than one-sixteenth of an inch so that it would protrude above it.

Then your washer should have an inner diameter, I don't know whether that was one of the questions here, an [197] inner circumference just sufficient to allow room for your O ring to fit in it.

Q. (By Mr. Miller): Could you tell me what those sizes should be from the disclosure in the patent?

A. Yes, I think you could work it out pretty accurately. You would have to have a diameter on your O ring that would be greater than one-sixteenth of an inch, certainly.

Q. How much greater?

A. Well, this would require quite a bit of calculation to work the thing out. I mean I don't see that it is anything other than a mechanical problem in calculation. I don't know that I can give an immediate answer to the thing right here and now. I think it is just a matter of working the thing out.

Q. Will you explain how you would approach the problem in calculating it?

A. Well, yes. The inside diameter of your—or inside circumference, I guess we should call it, of the O ring would have to be such that it can fit around and snugly engage the bolt, so that makes it roughly around a quarter of an inch.

(Testimony of Robert C. Comstock.)

Then your thickness of your O ring has to be such that it will protrude beyond the washer so that it has to be greater than one-sixteenth of an inch in diameter.

Now, whether these proportions are going to work out, maybe we can work it out and say as little as one-sixteenth— [198] maybe you are getting too small on that, I don't know, but I think it would be relatively simple to follow through and to work those out so that you get a proportion where you can get the results that are described in the patent, whereby your O ring is thicker in diameter and still is capable of being deformed into sealing contact. Those are the elements you have to keep in mind when you are working that out, and also, of course, the stuff has to fit around the bolt and fit beneath the head of the bolt.

Q. Would you attempt to determine how much thicker an O ring should be than the washer by mathematics, or would you do it by trial and error?

A. I think it could probably be done either way. I am no expert mathematician, but I would imagine it could be done either way. I don't see why it couldn't, but I can't be positive of that. I should think anyone could determine that. It might possibly require the use of calculus. I doubt it. But I should imagine it could be done mathematically. If it couldn't be done mathematically, it could be done very easily experimentally.

Q. Then you would say that this patent gives you a cue as to further experimentation to deter-

(Testimony of Robert C. Comstock.)

mine exactly what the relative sizes of the O ring and washer should be?

A. No, I would not word it that way at all. I would say it tells you how to do it, and it is just a matter of [199] routine mechanical skill to go ahead and practice the invention.

Q. I have given you the circumstances of the quarter-inch bolt and the one-sixteenth-inch washer. You can't tell me, can you, the size the O ring should be?

A. The exact size, no. I am not a mathematician, as I said. I think Mr. Gross could probably tell you. I don't think it would require anything other than the taking of all these factors into consideration. Maybe if you would give me some time and a piece of paper, I could sit down and figure it out and maybe I couldn't, but I don't see what it proves, one way or the other.

Q. I would like to draw a sketch in front of you so we can label parts of it of a typical situation. Suppose we draw here—I am going to draw it fairly good and large—a bolt shank, and I am going to draw a rather heavy washer. Inside the washer I am going to draw an O ring. This is freehand. This is supposed to be a perfect circle.

Mr. Fulwider: Doughnut shape.

Q. (By Mr. Miller): Now, if we have perfect conditions, such as you describe, that the O ring when it is squashed fills the void inside of the metal washer, no more or no less—that is the ideal condition, isn't it? A. Yes.

(Testimony of Robert C. Comstock.)

Q. Then we have four voids or air spaces, which I shall [200] number 1, 2, 3 and 4. Isn't that correct? A. Yes.

Q. Now, when the washer is squashed, those four voids are to be filled with rubber. A. Yes.

Q. Neither no more nor less. A. Yes.

Q. And we do that by mashing down what is above and below these horizontal lines I have drawn on the O ring. A. That's right.

Q. And this volume 1, I will call volume 1, should approximately equal the volume of spaces 1 and 2. A. Yes.

Q. And volume No. 2 should approximately equal the volume of spaces 3 and 4. A. Yes.

Q. Now, under those circumstances, there would be a certain diameter D of the O ring.

A. Yes, sir.

Q. Now, let's draw a section down here of the accused device. Assume that the size of the metal washer is the same. Is that about the shape of it?

A. I can't agree with you on that. I think you probably know better than I do what the shape is, but don't ask me to admit that is correct, because my understanding is [201] it is not, but I don't know.

Q. All right. If it were made this way, as I have put in the lower sketch, I will label the upper one Figure 1 and the lower sketch Figure 2, in that situation you would only have two spaces, No. 2 and No. 3. A. That's right.

Q. To fill with rubber, and they would get their

(Testimony of Robert C. Comstock.)

rubber from volume 1 above the horizontal line, and volume 2 below the horizontal line, wouldn't they? A. That's right.

Q. Now, would the dimension of the diameter D be different in the case of the accused construction from the diameter D in the Lock-O-Seal or the patented construction?

A. Yes. Given those exact structures there, there will be a slight difference in the diameter. Your diameter here would be a little bit smaller than the diameter at Figure 2.

Q. That is because of the fact that in Figure 2 we don't have any volumes or voids or air spaces at 1 and 4. A. That's right.

Q. To fill with rubber.

A. That's right. You are assuming that those are already filled with rubber in your construction there, as I understand it.

Q. Yes. I am asking you to assume, if you don't know [202] it to be a fact, I am asking you to assume that the rubber is molded in the course of its manufacture right against the bore of the washer.

A. Yes, so that there are no voids 1 and 4.

Q. That's right. A. Yes.

Q. Even if there were some minute depressions here at the locations of 1 and 4, the dimensions of the Lock-O-Seal, or what is shown in the patent, would not hold true of the dimensions here.

A. It would be very slightly smaller to the ex-

(Testimony of Robert C. Comstock.)

tent of the difference in the voids there and the amount of the rubber you had.

Mr. Miller: I would like to offer the sketch.

The Court: It may be received and marked Defendants' Exhibit next in order.

The Clerk: Exhibit Z.

(The sketch referred to was marked Defendants' Exhibit Z and was received in evidence.)

Q. (By Mr. Miller): Now, we have been discussing Lock-O-Seals or the patented structure, and the accused construction, under ideal conditions where the thickness of the washer is exactly held and the size of the bolt is an exact amount, and things of that character. There are tolerances or variations in those in actual manufacture—or do you know? [203]

A. I certainly assume that there would be.

Q. The thickness will vary. A. Yes.

Q. In ordinary washer-making.

A. Yes, I should imagine so.

Q. How about the inside diameter? That will vary in washers.

A. I should imagine so, that all things vary within whatever tolerance the manufacturer sets up. It is usual to set up a range of tolerance and have an inspection system where you reject whatever doesn't fit your tolerances.

Q. When you have a varying thickness with the Lock-O-Seal, does that affect the sealing ability of the O ring?

A. If it were far enough off, if you get enough

(Testimony of Robert C. Comstock.)

off, it could possibly do so. As I said, I think that in actual practice, they don't try to achieve this 100 per cent, that they probably run it down below that so as to try to make some allowance for tolerance.

Q. If the washer is too thick, then you have too little rubber, if your O rings stays the same, is that right? It doesn't fit the void entirely.

A. That's right. The question of too little is relative, of course, but it could reach a point where it would be so little that you would have no seal, but that would be a pretty extreme case. It is doubtful. In fact, I don't think [204] you would reach that with any normal tolerances you would set up. [205]

* * * * *

WILLARD HAROLD WYNNE

called as a witness by and on behalf of the plaintiffs, having been first duly sworn, was examined and testified as follows:

* * * * *

Direct Examination * * * * *

Q. (By Mr. Lee): What is your occupation, Mr. Wynne?

* * * * *

The Witness: I am supervisor in the laboratory of the Rohr Aircraft Corporation.

Q. (By Mr. Lee): How long have you been employed at Rohr Aircraft Corporation? [206]

A. Since the 5th of February, 1946.

Q. What are your duties?

(Testimony of Willard Harold Wynne.)

A. I supervise the activities of the chemistry laboratory, physical testing laboratory, electronics.
* * * * * [207]

Q. Mr. Wynne, are you familiar with the books and records kept in the Rohr laboratory?

A. Yes, sir, I am.

Q. And are these books kept in the regular course of business? A. They are.

Q. In connection with sketches and drawings, do you have a regular system of keeping such things? A. Yes, sir, we do.

Q. Have you examined these recently?

A. Yes, sir.

Q. I hand you a laboratory sketch, Plaintiffs' Exhibit 35, and ask you if you recognize that.

A. Yes, sir, I recognize this.

Q. Could you tell me what that is?

A. This is a laboratory sketch of a retainer that is used in connection with a Lock-O-Seal.

Q. Was that print that you have in your hand prepared under your direction? A. It was.

Q. From the originals kept in the Rohr laboratory files? A. Yes, sir.

Mr. Miller: Is it a print?

Mr. Lee: It is a photostat, yes. Did you have a [208] question?

Mr. Miller: No. Go ahead.

Q. (By Mr. Lee): I hand you Plaintiffs' Exhibit 36 for identification and ask you if you recognize that.

A. Yes, sir, I recognize this.

(Testimony of Willard Harold Wynne.)

Q. What is that?

A. This is a laboratory sketch of a Lock-O-Seal assembled.

Q. Was the print that you have in your hand prepared under your direction? A. Yes, sir.

Q. I hand you a sketch, Plaintiffs' Exhibit 37 for identification, and ask you if you recognize that.

A. Yes, sir.

Q. What is it?

A. This is a sketch of an O ring.

Q. Was that prepared under your direction from the file copies at Rohr Aircraft?

A. Yes, sir.

Q. I hand you Plaintiffs' Exhibit 38 for identification and ask you if you recognize that.

A. Yes, sir.

Q. What is that?

A. This is a sketch of an assembly jig that was used in order to assemble the components of the Lock-O-Seal. [209]

Q. Was that Plaintiffs' Exhibit 38 prepared under your direction?

A. Yes, sir.

Q. From the file copy at Rohr Aircraft?

A. From the file copy that Rohr Aircraft has.

Q. I hand you sketch, Plaintiffs' Exhibit 39, and ask you if you recognize that.

A. Yes, sir.

Q. What is that?

A. This is a laboratory sketch of the components of the Lock-O-Seal.

(Testimony of Willard Harold Wynne.)

Q. Was Exhibit 39 prepared under your direction?
A. Yes, sir.

Q. From the file copy at Rohr Aircraft?

A. From the file copies.

Q. Do you have a photographic department at Rohr Aircraft?
A. Yes, sir, we do.

Q. Is that a regular established department there?
A. Yes, sir.

Q. In the regular course of business, do you take photographs at Rohr Aircraft?
A. We do.

Q. Does the photographic department keep records?
A. Yes, sir. [210]

Q. Have you examined those records recently?

A. I have.

Q. How do they keep photographs filed?

A. Physically, the negatives are filed in envelopes, and these envelopes are marked with the serial number of the photograph and the date that the negative was developed. In addition to that, each one is captioned by the nomenclature selected by the person who authorized the photograph being taken. These are filed in arithmetical sequence.

Q. And the date and the subject or title of the picture appear on the envelope in which the photograph is kept?

A. Yes, sir, and in addition there is an index kept that bears this information, also.

Mr. Miller: Do you plan to offer these in evidence?

Mr. Lee: Yes.

Mr. Miller: I object to them.

(Testimony of Willard Harold Wynne.)

Mr. Lee: This is for identification.

Q. I hand you here photograph which has been marked Plaintiffs' Exhibit 40 for identification, and ask you if you recognize that. A. Yes, sir.

Q. Would you turn to the back of it, please? Does it bear a notation there? A. It does.

Q. What does it say?

A. It says June 29, 1943, First PB2Y3 for conversion out in the Bay.

Q. Would that be the information you have spoken of as being on the envelope in which the negative is kept? A. Yes, sir.

Q. It doesn't have a number, in addition?

A. It has the number 2620.

Q. And what would that number be?

A. This would be the serial number of this photograph, the Rohr serial number.

Mr. Lee: I have a further group of photographs, your Honor, and if Mr. Miller has no objection, I would like to have the witness identify them as a group.

Mr. Miller: I don't see any of this has been identified properly. I have been waiting for the offer so I could object. These are merely copies, in the first place. [212]

* * * * *

The Court: You look at these documents, and if you want to see the originals, you make a written demand for the production of the originals, so there won't be any question as to which ones you want to see.

(Testimony of Willard Harold Wynne.)

Mr. Miller: All right.

The Court: With that provision, the objection is overruled.

Mr. Lee: We would like to offer in evidence 35 through 39.

The Court: They may be received in evidence.

The Clerk: Exhibits 35 through 39.

(The exhibits referred to were received in evidence and marked as Plaintiffs' Exhibits 35, 36, 37, 38, and 39.)

[See Book of Exhibits.]

Mr. Lee: Counsel, do you have any objection if I show these photographs in a group rather than one at a time?

The Court: What are you trying to establish, counsel, by this? Maybe we could stipulate. Maybe counsel would be glad to stipulate to certain things.

Mr. Lee: Your Honor, Mr. Wynne is the man familiar with the records of Rohr Aircraft Company in this line, and [220] while he is on the stand I would like to have the opportunity for him to look at these, he has made a check of the records kept, and to identify these.

The Court: What is the purpose of putting these records in the evidence?

Mr. Lee: That will come out in the course of development and test work done on the project, on Lock-O-Seals, your Honor, as the story is told by Mr. Wynne and other witnesses to come.

The Court: I still don't know what the purpose

(Testimony of Willard Harold Wynne.)

is, but I guess you do, and if you do, that is sufficient at this time.

Mr. Miller: Do I understand, counsel, that you want this witness to testify as to test work done after 1946 when he started in the employ?

Mr. Lee: Yes.

Mr. Miller: You mean starting in 1946?

Mr. Lee: Yes.

Mr. Miller: I can stipulate to that, if you want me to.

The Court: According to the opening statement of counsel in this case, the plaintiff received an order to revamp or to change some airplanes relative to gasoline containers, an order from the Navy, and I suppose, according to the opening statement, or at least maybe it was from the testimony [221] of a witness, I don't remember now, that this presented a new problem, trying to make it leakproof, and they had to go around, and I think the witness testified they went around to find out what was done, what other companies were doing.

Aren't you willing to stipulate, Mr. Miller, that they did a lot of experimental work here, they made certain laboratory tests, that they did this, that, and so forth, and so on, before they came around to making the application for a patent? Aren't you willing to stipulate that?

Mr. Miller: No. I don't think that is quite the story. They filed their application right quick. In fact, Mr. Lee just told me they were doing experimental work in 1946, and they filed their application in 1944.

(Testimony of Willard Harold Wynne.)

The Court: Just a minute. When did they get this job from the Navy?

Mr. Lee: 1943, your Honor, approximately.

The Court: 1943?

Mr. Miller: And they are still testing in 1946.

The Court: And I expect they will be testing in 1956 or 1976, if they are still in business.

Mr. Miller: But they shouldn't be testing by this time.

The Court: There will be something else to test.

Mr. Miller: This word test is rather loosely used. [222] Where the test comes in is this. In 1949, I think it is, a new military specification came out as to the nature of the rubber that should be used. It did not tell you the formula of rubber. It said the rubber is to do thus-and-so and so-and-so. There was an effort to compound a rubber that would meet that specification and that rubber was tested. We don't doubt it.

The Court: We have no argument in this case relative to the composition of the rubber. I don't care anything about any evidence relative to the composition of the rubber or relative to any experimentation that was done along that line. The only thing I am interested in here is the work that was done relative to putting an O ring, an O rubber ring inside of a steel or an aluminum or a metal washer of some kind.

Mr. Miller: All right, if you want to hear testimony on the test work of that, if this has some bearing on that, very well.

(Testimony of Willard Harold Wynne.)

Mr. Lee: Your Honor, this work has a direct bearing on our second cause of action for unfair competition.

Mr. Miller: Now we get off into something else. He doesn't answer us. Is it on the test work, the physical structure, or is it on the composition of rubber, trade secrets, things of that nature?

The Court: You can't have a claim for unfair competition [223] unless the other side knew what was going on.

Mr. Lee: They knew, your Honor.

The Court: All I know is what counsel states up to this time.

Mr. Fulwider: That is the purpose of this testimony. Mr. Miller has been complaining all this time that we have not produced the things that we say are the basis of our unfair competition cause. This series of exhibits, photographs, prints, are to illustrate the testimony of exactly what went on over this period of time that forms the basis of our unfair competition count. A good deal of it goes to the patent phase, too. They are intertwined. You can't separate them. While it is bulky and we would like to expedite the matter, we are entitled to put on our case in an orderly fashion. We will try to do it as fast as we can.

The Court: Let me see the photographs you want introduced in evidence.

Mr. Fulwider: My thought was pictures are the best evidence. I have a lot of testimony. When we get a pictorial record before the court, we have

(Testimony of Willard Harold Wynne.)

a record that is readily understandable and easy for everybody to know what we are talking about.

Mr. Miller: Is it your assertion these photographs were given to Rubber Teck?

Mr. Fulwider: Mr. Miller, all of the photographs [224] and prints we put in evidence, and some are for several questions——

Mr. Miller: Just answer my question. Do you accuse us of having received the photographs or the prints?

Mr. Fulwider: Some of them you did and some of them you didn't.

Mr. Miller: Can you tell us which ones?

Mr. Fulwider: That has nothing to do with the point. You will find out in due course as they are introduced.

The Court: These documents have been marked for identification, and when some witness comes around that can tell us what the documents represent, and so on, there will be plenty of time to put them in evidence. I think this is the wrong time to offer them in toto in evidence. [225]

* * * * *

BERNARD GROSS

called as a witness on behalf of the plaintiffs, having been first duly sworn, was examined and testified as follows:

* * * * *

Direct Examination

Q. (By Mr. Fulwider): Mr. Gross, what is your present occupation?

(Testimony of Bernard Gross.)

A. President of Chem-Tronics.

Q. Where is that company located?

A. Santee, California.

Q. Where is Santee?

A. It is in the El Cajon, Santee, San Diego.

Q. Thank you. How long have you been engaged in that occupation?

A. Some two years.

Q. Were you employed by Rohr Aircraft prior to that time? A. Yes, sir.

Q. For approximately how long?

A. 15 years.

Q. What was your position with Rohr?

A. Director and manager of the laboratory.

Q. Prior to going with Rohr, by whom were you employed? A. Ryan Aeronautic Company.

Q. For approximately how long a time?

A. Two years.

Q. And prior to that?

A. Polytechnic Institute of Brooklyn.

Mr. Miller: The what?

The Witness: The Polytechnic Institute of Brooklyn. That is the oldest engineering college in the country.

Q. (By Mr. Fulwider): Was that in connection with teaching?

A. Yes, sir, and I also at the same time held the position of supervisor of the American Importers Association, who had laboratories at the college.

Q. Were you also, just prior to that, connected with the American Aeronautics Corporation?

(Testimony of Bernard Gross.)

A. Yes, sir.

Q. Has all of this work had to do with aviation, the aircraft industry? A. That's right.

Q. Are you a graduate engineer, Mr. Gross?

A. Yes, sir.

Q. What degree do you have?

A. B.S. in chemical engineering. [249]

Q. I believe you mentioned you had taught. What has been your teaching experience, briefly?

A. In 1932 to 1936, I was on the faculty of the Polytechnic Institute, Brooklyn, as instructor of research.

Q. Have you taught in California?

A. Yes. I taught for San Diego State College, was in charge of their aeronautics engineering extension, and for the University of California in the war emergency engineering training program as instructor of aeronautic materials and processes.

Q. That was during the war, you say?

A. Yes, sir.

Q. Are you a member of any professional societies? A. Yes, sir.

Q. If you are, would you just state the principal ones, briefly?

A. The National Society of Professional Engineers, the California Society of Professional Engineers, the American Chemical Society, the American Society of Metals, the Institute of Aeronautic Science, and American Society of Metals.

Q. Society of Automotive Engineers?

A. Yes, sir.

(Testimony of Bernard Gross.)

Q. Are you a registered engineer in California?

A. Yes, sir.

Q. Have you ever authored any technical or scientific [250] papers that have been published?

A. Yes, sir.

Q. Over what period of years has that happened?

A. Well, over the last 20 years, I have read and have published some between 15 and 20 papers.

Q. Have you ever been on an aircraft research and testing committee of the Aircraft Industries Association?

A. I served for eight years and was chairman of the committee.

Q. Were you chairman of any other similar committees?

A. I was chairman of the joint military and industry committee for the East and West Coast combined.

Q. Will you speak up just a little bit? I am not sure the people can hear you.

A. I was chairman of the joint military and industry committee on research and testing for aircraft.

Q. What were your duties broadly during the term you were at Rohr Aircraft Corporation?

A. Well, I directed the activities of the laboratory at Rohr Aircraft and participated in some of the research.

Q. You say the laboratory. Was the bulk of the research and development work done at those

(Testimony of Bernard Gross.)

laboratories that you speak of? A. Yes, sir.

Q. They were research and development laboratories, [251] as I understand it.

A. Research and development, in addition to the control work for production.

Q. About how many employees did you have in the laboratories at Rohr during the time that you were there under your supervision?

A. Well, I would say it averaged close to 50.

Q. Did you usually have a number of research or development projects going?

A. Yes, sir.

Q. About how many would you say on the average?

A. Well, they ranged from 10 to 20 projects at any one time.

Q. And those were all under your supervision?

A. Yes, sir.

Q. Did any of those projects have to do with sealing or sealing problems in aircraft?

A. Yes, sir.

Q. Did you have such a thing as a sealing group or sealing subgroup?

A. Yes. That was one of our groups that we had over a period of years.

Q. Was that over a substantial period of years?

A. Yes, sir.

Q. You are the Bernard Gross mentioned on the patent [252] in suit, are you not?

A. Yes, sir.

Q. The other inventor is, I believe, Mr. Leo

(Testimony of Bernard Gross.)

Cornwall. Who is Mr. Cornwall? Was he associated with you?

A. Mr. Cornwall was a former employee of Rohr Aircraft.

Q. Did he work under your supervision in the lab? A. He did.

Q. At the time that the invention was developed? A. That's right.

Q. Now, thinking back to the year 1943, will you tell me whether or not Rohr obtained a contract from the Navy for some reconversion work on PB2Y's? A. Yes, I recall that.

Q. I call your attention to Plaintiffs' Exhibit 40 for identification. Can you tell me what that picture portrays?

A. Yes. I believe—yes, this was the first Navy, a Navy seaplane designated as the Coronado four-engined plane, that was delivered to Rohr Aircraft in the summer of 1943 for various types of work to be accomplished. This was the first of a long series of similar airplanes that the Navy needed very urgently to transport cargo from Alameda to Hawaii.

Q. And did the contract that you mentioned have to do with the conversion or reconversion or modification of these [253] planes shown in Exhibit 40? A. Yes.

Q. Tell us a little bit about that program. Was it essentially a sealing program?

A. One of the major items in this reconversion program was to make it possible to store fuel in

(Testimony of Bernard Gross.)

the wings formerly that were designed to store fuel in bladder cells.

Q. What is a bladder cell?

A. A bladder cell is usually made up of a flexible material in the form of a large bag, and it is supported mechanically to the frame, the internal surface of the frame of a wing, and its orifice is matched with the orifice of the wing and the fuel is stored in such a cell.

The Court: May I ask a question?

Mr. Fulwider: Yes, your Honor.

The Court: Up to this time, had the aviation industry ever carried gasoline in the wings without a bladder cell?

The Witness: There had been attempts at it and, as I recall it, I believe this was one of the first ones, representing an attempt that failed. There were attempts to do it. There were no successful so-called integral tanks up to that time.

The Court: Up to the time, then, they delivered these planes, the gasoline was carried in the bags inside the [254] wings, is that right?

The Witness: In bags or welded metal tanks which were inserted.

The Court: Then there had been no successful operation at carrying the gasoline in the wings without tanks or bags.

The Witness: To my knowledge, that's right.

Q. (By Mr. Miller): Now, this project that you had from the Navy, as I understand it, was to ex-

(Testimony of Bernard Gross.)

plore this entire problem of sealing the wings so that they could act as tanks, is that correct?

A. Yes, sir.

Q. As a part of that problem, you had the problem of sealing the necessary fasteners used in that conversion. A. Yes, sir.

Q. Can you tell me whether or not prior to that time there had been any real problem in the aircraft industry in the matter of sealing fasteners? In other words, prior to this beginning of the work on making integral tanks.

A. Yes. Sealing was not too much of a problem until—except for bad welding, of course, and that sort of thing, in gasoline tanks, but when we started to pressurize cabins, which occurred some five years before this ship arrived on the scene, there were many problems and they were becoming more complex all the time. [255]

The need for more fuel led to using these bladder cells because of the fact that the bladder cells, with them you could get a little more capacity than you could get by a metal insert tank. So the problem had been there for some years. The bladder cells were unsatisfactory because in flight the movement of the airplane would cause the bladder cells to become ruptured, and sometimes just a small leak from a bladder cell would cause vapors between the bladder cell and the wing itself, and there were considerable lives lost that way, together with the fact that there was a considerable amount of weight involved.

(Testimony of Bernard Gross.)

As I recall it, on this particular airplane we were able to remove 1,200 pounds of bladder cell to enable the Navy to take a useful load, because without a useful load, the Navy would only be able to fly an airplane with sufficient fuel to take the airplane from the West Coast to Hawaii, so it became a very urgent matter with the Navy, and we worked around the clock on that.

Q. Up to this time what had been the practice of engineers when the question arose as to whether to design a structure with a fastener extending from a wet side to a dry side, shall we say?

A. I am sorry. I didn't quite get that.

Mr. Fulwider: Will you read the question, please?

(Question read.) [256]

The Witness: Let me start with saying that engineers had a big problem for years when sealing was involved. Actually, they were so involved in producing the structure which would carry the load of the airplane that they left the sealing problem for last, and as a result, not too much thought was given and the airplanes came out very unsatisfactory, all of them.

Q. (By Mr. Fulwider): Were there any satisfactory fasteners, seals?

A. I mention that because as a result of that, in sealing bolts, there was a very crude method used. For example, the bolts, and other fasteners too, like rivets, were usually immersed in a paste,

(Testimony of Bernard Gross.)

and then they were inserted into the hole and tightened that way.

This was unsatisfactory because of the fact that it was just a temporary thing and it only stood initial test in the factory, and with a little vibration the material was lost, the sealing had gone, and the structure was unsound because of the looseness of the bolts.

Q. Now, referring to the same time when that PB2Y, Exhibit 40, was delivered to you, I show you here Plaintiffs' Exhibit 42 for identification. Can you identify this photograph and what is shown in it for me? You might hold it so the judge can see it.

A. Yes. I recall this photograph. This was a center [257] section of a wing of a Coronado that was sent to us by the Navy to be used for development work in developing seals and to expedite the program so that we didn't have to work on the actual airplanes themselves to start with.

The Court: They sent you a wing to experiment on, is that it?

The Witness: Actually, the urgency was so great that the commanding officer of the Naval Air Station at San Diego ordered that this center section be cut off an airplane, which it was, and in 24 hours this was delivered to us.

Q. (By Mr. Fulwider): Is that a standard center section, typical center section of a PB2Y?

A. That is, a PB2Y3.

Q. I show you Exhibit 43 for identification. Can

(Testimony of Bernard Gross.)

you tell me what part of an aircraft wing structure that represents, tying in to the PB2Y?

A. This shows typical structure with bayonet fittings of one of the four compartments in this wing. As I recall it, the four compartments we were finally able to fill with 4400 gallons of gas, and as the wing came to us, we had to solve some design problems, which I think were mentioned earlier in this court.

Q. I show you also photograph, Exhibit 41, and ask you to explain what that illustrates, and then, using the three photos that you have just discussed, discussed briefly the matter [258] of fastener sealing problems in connection with those structures.

A. This photograph shows a typical access door, which were quite large, they were something like four feet by six feet, and these access doors were necessary on each compartment to insert the bladder cells. They were secured to the wing structure with bolts, with many bolts. I might add that some of these access doors showed definite signs of leaks from fuel which had leaked out of the bladder cells and into the wing structure and out through the bolts, and, if I recall, this photograph here shows just that. That is a plan that was repeated with the typical gasoline stains. The gasoline evaporates and the dye remains and indicates a leak. [259] * * * * *

Mr. Fulwider: At this time I would like to offer in evidence Exhibit 9 and Exhibit 85. 9, I believe, is one of the charts.

(Testimony of Bernard Gross.)

Mr. Lee: 9 is the defendants' advertising.

Mr. Fulwider: Oh, yes, the defendants' advertising that was discussed the other day, which was referred to as containing the 1104-D. Exhibit 85 is this big chart here that was used by the witness, to illustrate the testimony of the witness. [262]

* * * * *

The Court: 85 may be admitted in evidence, and we will hold 9 until after the recess.

The Clerk: Exhibit 85.

(The exhibit referred to was received in evidence and marked as Plaintiffs' Exhibit No. 85.)

* * * * *

Q. (By Mr. Fulwider): Now, Mr. Gross, at the close of the session yesterday, I believe you were explaining to us the sealing problems involved in performing that contract for reconversion given you by the Navy. We had these photographs, 41, 42 and 43, illustrating wing sections. I will just put them here in case you want to refer to them.

Now, at the time that this sealing project was presented to Rohr in 1943, was there available in the industry a satisfactory fastener seal that you could use in connection with that problem? [263]

A. No, sir.

Mr. Miller: I object to the question, no proper foundation laid as to what his contact is with the industry.

(Testimony of Bernard Gross.)

The Court: Overruled. It is cumulative to what has already been introduced.

The Witness: No, sir.

Q. (By Mr. Fulwider): Did you make any kind of a survey of the industry to ascertain this, to see if there was a fastener seal you could use in connection with this project?

A. Yes. That was done. There was one trip in which I, with the engineering liaison officer of the Navy stationed at Rohr, visited all of the prime, major prime contractors on the West Coast. We talked to their research people. We visited with their production facilities to see anything that had to do with the sealing of fasteners.

Q. And you found nothing that you could use in sealing the fasteners on these PB2Y's?

A. No.

Q. I believe you also mentioned yesterday that sealing the large access doors was one facet of that problem. Were there other similar fastener sealing problems in connection with the joints and corners?

A. Yes. There was a serious problem at the corners of all the compartments used for the storage of fuel.

Q. Are those problems illustrated in any of these photos [264] that you have in front of you there?

A. I don't see any of the corners here at all. I know where they are located in this section.

(Testimony of Bernard Gross.)

Q. I will just ask you if there are numerous corners and joints.

A. Yes. There were others, like problems that had to do with sealing of the beaching gear, which really was flotation gear for beaching and launching these airplanes.

Mr. Fulwider: I would like to offer the Exhibits 41, 42 and 43 at this time as illustrating the testimony of the witness, most of it given yesterday.

The Court: They may be received in evidence.

Mr. Miller: I am going to object to it as being immaterial, not binding on the defendants here.

The Court: Overruled.

Mr. Fulwider: 40 should be in the group, the first photo of the plane.

The Court: In evidence.

The Clerk: Exhibits 40, 41, 42 and 43.

(The exhibits referred to were received in evidence and marked as Plaintiffs' Exhibits 40, 41, 42 and 43.)

[See Book of Exhibits.]

Q. (By Mr. Fulwider): Now, Mr. Gross, can you tell us approximately when the Lock-O-Seal invention was made?

A. It was either in the latter part of 1943 or the very early part of 1944. [265]

Q. Now, calling your attention to the photographs 42 and 43—I'm sorry. In the course of the developing of the invention, was it necessary for you to perform any test work in the laboratory?

(Testimony of Bernard Gross.)

A. Yes, many of them.

Q. Calling your attention to Plaintiffs' Exhibit 35 for identification, is this illustrative of some of that test work or, rather, the results of some of the test work?

A. Yes. This data sheet—

Mr. Williams: Your Honor please, may I inquire what materiality the test work done prior to the application of the invention has to this lawsuit?

The Court: The testimony is the invention was made in the latter part of 1943 or 1944. I don't suppose that you get an idea full blown. You have to develop the idea and you have to work on it.

Mr. Williams: I appreciate that, but as to the issues of this lawsuit, your Honor please, we have, No. 1, whether or not it has been infringed on one side.

The Court: If you are willing to admit that prior to the filing of the application there was considerable work done relative to experimentation, trial and error method, computations, I will rule all this out.

Mr. Williams: I just fail to see the materiality of what work was done prior to the invention.

The Court: Objection overruled. If you don't want to stipulate, the objection is overruled.

Q. (By Mr. Fulwider): Have you had a chance to examine that? What does that sheet show, Mr. Gross?

A. This is a typical data sheet of parts that

(Testimony of Bernard Gross.)

were to be made for testing the seals. This particular one had to do with the washer type of retainer used in the seal.

Q. I believe on here the notation appears, test washers for screw seal. Was the Lock-O-Seal or the seal of the patent in suit referred to in the early days as the screw seal or the Rohr head seal?

A. Yes, it was.

Q. In connection with that sheet and the test work on retainer washers, were there standard washers available for use in connection with the fastener seal?

A. No. Standard washers were not usable.

Q. Why were they unusable?

A. Well, a standard washer has for its diameter approximately the same diameter as the shank of a fastener and, therefore, there isn't any room there to put any sealing ring into it. Furthermore, the materials of the standard washers are not suitable for this type of device. The pressures exerted on the rubber are such that common steel would be expanded and you would lose the necessary volume or void necessary for the sealing, the rubber seal. [267]

Q. You mean in some instances you might have enough pressure on the rubber ring inside the washer to actually force the washer outwardly?

A. Yes.

Q. Cause it to flow? A. Yes.

Q. I assume that the Lock-O-Seals or, rather, the early screw seals, were used in various types

(Testimony of Bernard Gross.)

of bolts and applications? A. Yes, they were.

Q. Does Exhibit 44, this photograph, illustrate one of those uses?

A. Yes. This shows the use of the sealing device in connection with a hexagonal head.

Q. Does that show the fasteners installed?

A. Yes, that shows the bolts and the devices installed inside of the fuel storage compartment.

Q. I believe on that Exhibit 44 there is a serial number. Would you examine it to see if that is the photograph that does carry a ship serial number?

A. Yes. I'm sorry. This is a Navy serial number which indicates that it was a production airplane.

Q. That is from the notation on the back, is that it?

A. It is noted on the back here.

Q. What is that ship number? [268]

A. 7184.

Q. What does that indicate to you as to the stage of advancement or development of the Lock-O-Seal at that time?

A. Well, that was a production airplane, and it shows it applied on a production airplane.

Q. Would there have been a program of development and testing completed before you actually installed these fasteners on production ships?

A. Yes.

Q. What period of time would you estimate that might have extended over?

(Testimony of Bernard Gross.)

Mr. Williams: If your Honor please, I will object to this. He said would there have been, what would you guess, what would you think? I would like a question directed as to what was done.

The Court: Overruled. You may answer.

The Witness: There was a six months' period, I would say, at least, before they were applied, actually installed on the airplanes from the time of the first development.

Q. (By Mr. Fulwider): What is the date on the back of that photograph, Exhibit 44?

A. The date noted here is August 18, 1944.

Q. I show you Exhibit 59, being another photograph. Can you tell us what that illustrates in connection with [269] applications of the Lock-O-Seal, or Rohr head seal?

A. This photograph shows a typical fuel dump valve. It was installed by using bolts and Lock-O-Seals to seal the bolts. In this particular case, the bolts were slotted so that the heads could be put inside of the fuel compartment and a screwdriver used on the shank of the bolt while the nut was tightened.

Q. I call your attention to Exhibit 46, a photograph. Will you explain to us what that shows?

A. This photograph shows a typical model of a Lock-O-Seal device used with a washer before compression of the bolt, before tightening of the bolt, and after tightening of the bolt. This is the sort of thing that was used in training of Naval personnel. There were courses given at Rohr Air-

(Testimony of Bernard Gross.)

craft each week to a new group over a period of time and, as I recall it, this was one of them.

Q. I believe that shows a cut-away section, doesn't it, one view?

A. One of the typical cut-away sections we used.

Mr. Fulwider: I would like to offer that first series of photographs, first the sketch 35, and then the photographs, 44, 46, and 59, as illustrating the testimony of the witness.

The Court: They may be received in evidence.

The Clerk: 35 was admitted on the 12th. Plaintiffs' [270] Exhibits 44, 46 and 59.

(The exhibits referred to were received in evidence and marked as Plaintiffs' Exhibits 44, 46 and 59.)

[See Book of Exhibits.]

Q. (By Mr. Fulwider): In connection with the test work that we mentioned, I would like to show you just a few photographs here illustrating equipment used, or ask you if this does illustrate equipment used in this work. Now, I hand you 49, 56 and 57.

Referring to Exhibit 49, would you explain to us what that equipment is and what it is used for in connection with the Lock-O-Seal program.

A. This photograph shows a test cell which was pressurized to determine the relative merits of Lock-O-Seals with any other type that might be used. I believe there is enough showing in the photograph where a common elastic stop nut has been used along with bolts having the Lock-O-

(Testimony of Bernard Gross.)

Seals. This cell was pressurized and the air shut off and over a period of time the readings, pressure readings were taken to determine if there was any leakage. Sometimes we used more sensitive equipment like freon gas in connection with this cell to determine whether we had a hermetic seal or not.

Mr. Williams: If the court please, may I inquire as to the date? Is this prior to the patent being applied for?

The Court: The date on the photograph is November [271] 23, 1944.

Mr. Fulwider: This evidence all goes to the matter of the merit of the invention, but equally importantly, and perhaps more importantly, to the unfair competition count.

Mr. Miller: Well, now, are you attempting to prove that these exhibits were disclosed to the defendants?

Mr. Fulwider: No.

The Court: You know, you can't put in your case all at one time. You have got to put it in piecemeal. I don't know how these are going to be connected up. They may be connected up later on.

Mr. Miller: We don't either, your Honor. We don't know if they have any materiality.

The Court: If there is an objection, it is overruled. Go ahead.

Mr. Miller: I call to your attention that that is after the filing date.

(Testimony of Bernard Gross.)

The Court: I know what the date is. Go ahead.

Q. (By Mr. Fulwider): Will you explain briefly what Exhibit 57 shows?

A. 57 shows for one thing the type of equipment used in a vibration test. It also shows specimens being tested in vibration. These specimens consisted of bolts which had been tightened with the Lock-O-Seal, and then the vibration rates were set, and over a given period of time the tightness [272] or torque of the bolt was checked to see whether there was any lessening of tightness. In other words, the effect of the Lock-O-Seal on the initial tightness or torque, as we call it, of the bolt.

Q. Is the equipment shown in the exhibits 49 and 57 that you have just discussed typical of laboratory testing equipment that was used by you or your employees in the Rohr laboratory in connection with Lock-O-Seals, both before and after filing of the patent application, testing Lock-O-Seals?

A. Yes.

Q. I call your attention to Exhibit 56. Will you explain briefly what that illustrates?

A. This photograph shows a use of a torque wrench to apply the initial tightness, or to obtain the initial tightness of a bolt after vibration. After a period of vibration, this wrench is used again to determine whether or not there is a loss of tightness as a result of the various types of vibration used here.

Q. Is it essential in fasteners of this type, particularly in aircraft structures, to have them tight-

(Testimony of Bernard Gross.)

ened down to a certain torque, and if so, why is that necessary?

A. Yes. In aircraft work, practically all of the bolts on the airplane are installed with a torque wrench to obtain the structural integrity that the designer needs to accomplish aircraft structural strength. [273]

Mr. Fulwider: May this be marked for identification with our next number?

The Court: It may be marked.

Mr. Fulwider: It is a torque wrench.

The Clerk: Exhibit 88 for identification.

(The exhibit referred to was marked as Plaintiffs' Exhibit No. 88 for identification.)

Mr. Fulwider: And may we also mark a lucite model having a bolt extending through it, and I believe a Lock-O-Seal, as 89.

The Clerk: 89 for identification.

(The exhibit referred to was marked as Plaintiffs' Exhibit No. 89 for identification.)

Q. (By Mr. Fulwider): Now, Mr. Gross, I show you Exhibits 88 and 89. Will you tell us what Exhibit 88 is?

A. This is a torque wrench.

Q. And 89, what does that represent?

A. This is a plastic model which incorporates a hex head bolt and a Lock-O-Seal which has been installed under the head.

Q. Will you just demonstrate momentarily how that operates?

A. Well, when these bolts are installed, the

(Testimony of Bernard Gross.)

torque wrench is simply applied on the head. In this particular case, there has been a hex wrench attached to the torque [274] wrench, and then this torque wrench is turned until the indicator reads exactly what the blueprint calls for. This is the method of applying bolts on aircraft.

Q. What other factors are important besides torque in design and satisfactory seal, fastener seal? A. I am sorry, I didn't hear.

Q. What other factors besides this torquing factor that you have just discussed are necessary to be considered in designing a satisfactory locking seal? In other words, what are the prime requisites of a fastener seal like this?

A. There are very many considerations.

Q. Could you list some of those for us?

A. Yes. Might I use the blackboard to do it?

Q. Yes. I am sure the court will permit that.

A. This blackboard is kind of small. Could we use the larger one?

Q. Well, the big one won't go through the gate, so we will use this other one. It has two sides and maybe you can use one side and then the other.

(Witness going to blackboard.)

A. It might be well to briefly run through the considerations that one has to bear in mind when we are dealing with a fastener sealing device. For one thing, we must have, obviously, effective sealing. There are many environmental conditions in aircraft which make effective sealing most difficult. [275] Some of these things, like with the tempera-

(Testimony of Bernard Gross.)

ture that we are dealing with—at the time of this invention, that was minus 65 to 200 degrees F. This is quite a range of temperature to have materials perform as they do in the Lock-O-Seal.

Pressurewise, the pressures vary from one atmosphere to almost a vacuum at 80,000 feet, and even in the early part of the war we had airplanes that went as high—they were designed to go as high as 40,000 feet. Unfortunately, due to the ineffective sealing, for one thing, of the cabins, they sometimes held up just about half that or less.

Q. Mr. Gross, when you are facing the blackboard, or away from the court, don't drop your voice.

A. All right. In addition to temperature and pressure, we are dealing with various types of environmental liquids, such as fuel. Aircraft fuels are pretty hard on many materials.

Then there is the environmental item of ozone. Ozone at altitudes readily destroys most types of rubber in a matter of 30 minutes at high altitude if the rubber is exposed.

In addition to these things, there is this matter of vibration. There is quite a large variation of vibration, and this matter of vibration has been a constant problem in aircraft which requires that we don't have failures after relatively long periods of vibration. [276]

So that there are many problems involved in effective sealing.

(Testimony of Bernard Gross.)

In addition to this environment, we have the matter of installation of a sealing device. Installation-wise, we can't damage the skin of the airplane. We must be able to readily install it and we must be able to reinstall it, so reusability is an important item.

Briefly, these things are important. There are others. There is the economics of manufacture, in addition to these items.

These considerations had to be coped with, or these factors had to be coped with in the development of the Lock-O-Seal.

I think if I just made a little sketch here, we could look at some of these things and look at the sealing device itself.

Q. Would it be helpful to turn the board around and then it would be up high?

A. Actually, if we take a typical fastener and we take the sealing ring and its retainer to start with, and then we look at what by now is probably a familiar drawing of the installed configuration, then we might consider some of the things that we talked about.

Now, when the Lock-O-Seal is installed, we actually have an upset of rubber in all directions, and it is important [277] to remember that there are fundamentally four sides involved, and that when the torque is applied to the fastener, the geometry changes, so that starting with what amounts to a point of contact, we increase that contact until we have all four sides practically mated with rubber.

(Testimony of Bernard Gross.)

When this happens, we have pressure. We have resilient pressure, or we have rubber pressure, rubber pressure on all four sides, and we therefore can depend on the memory of the rubber to continue to seal the fastener.

In addition, when this bolt is tightened onto the retainer ring, we have a metal-to-metal contact. There are several things that are involved at this point.

One is that the volume, the geometrical change of the rubber, has been made in such a manner that we are restricting pressure over the elastic properties or some of the elastic properties of the rubber. In other words, if I took a piece of rubber and I loaded it to a given point, then unloaded it, it would come back, but if I went past that point and overloaded it, it wouldn't return to its initial geometry, so that this confined area actually controls the pressure on the rubber, and it remains in its—it can be made to return to its initial geometry.

In addition, when this geometry takes place, it does so in such a manner that the corners are the last ones to fill up. In that manner we prevent any possibility of [278] pinching of the rubber in the various faying surfaces.

I have drawn this bolt in a hole without showing that there is always some tolerance in the hole. We don't want the rubber to go into that space, nor do we want it to go into any other faying surface.

When the device is installed, then there is a metal-to-metal contact, which not only prevents the

(Testimony of Bernard Gross.)

flow of that rubber, due to overloading, and the overloading causing vibration in the surface, in addition. We also carry the tension load of the bolts from the head on to the body which the device is sealing against. This is most important so far as the constant torque of that bolt goes. If there is 21 inch pounds put on the bolt, it must remain so during the surface life. We can only get that by having a metal-to-metal contact.

There are also many other facets to this requirement, and also what the device actually does. I think possibly this gives some sort of a picture of what the requirements are and how the Lock-O-Seal meets them.

Q. Did you discuss the matter of self-centering?

A. No. In the installation requirements, the self-centering of a seal is important so that when we put the seal on to the shank, it is desirable to have this point on top the shank. If that were not so and we had a space between the rubber seal and the shank, we would have a chance [279] for leakage under some conditions on one side, and we wouldn't have the proper geometry flow as another thing. The centering is very important, and the Lock-O-Seal does self-center when you install it.

The Court: In your opinion, a round rubber seal is the only one that works satisfactorily?

The Witness: If it is substantially round.

The Court: Substantially round?

The Witness: Yes.

The Court: You don't think a rectangular seal

(Testimony of Bernard Gross.)

would be satisfactory, providing it extended to the top and bottom there, but didn't touch the sides? You don't think it could be compressed into proper form?

The Witness: That is correct. It would not be satisfactory for several reasons. One is that we would start off with a rectangular geometry, which either had to be exactly the same volume as we have in the void after installation, in which there would be no rubber pressure on the four sides, so to speak, because we don't have a geometry change, or if you had it in excess, you would have the rubber flowing out into the——

The Court: Suppose there was an excess up and down and then you put on the pressure.

The Witness: You mean that way (indicating)?

The Court: Up and down so that part of it hit the [280] top on both sides.

The Witness: This rubber would not have the distribution of pressure that you have with this geometry. Furthermore, this corner would always be pinched in there, and you couldn't hold a torque on the fastener head.

The Court: Then it is your opinion that the only satisfactory O ring would be a round O ring, circular, substantially circular?

The Witness: Substantially circular, yes.

The Court: And that is the only one that works satisfactorily?

The Witness: For the reasons I have given here. I might add, looking at the notes here, that there is

(Testimony of Bernard Gross.)

one important item here that the Lock-O-Seal does, also, in addition to confining the rubber ring. It does protect it from environmental items such as ozone and fuel. Actually, there is a limited exposure there, and it is very effective that way.

(Witness resuming stand.)

Q. (By Mr. Fulwider): In connection with the discussion you just had as to the O ring or the rubber ring having to be circular or substantially circular, is it necessary that it be a full circle, that is to say, completely round or circular, 360 degrees? In other words, if this part here is flattened out, say as with this red chalk, fill in that little area, and [281] that little area there, which are the two voids adjacent the inside of the washer, with the Lock-O-Seal, would you call the resulting ring on this drawing on the blackboard generally circular?

A. Yes.

Q. In other words, that falls within your definition?

A. That's right.

Q. Will you explain why?

A. Well, actually, the same geometric change occurs. If this ring were made with such an addition to one side, or part of that side, and it were free to move, we might have some trouble, such as I explained to the court here before, but if it was secured to this, we would have a substantially circular sealing ring without detracting from the basic concept.

Q. In other words, would the sealing ring as I modified it there with the red chalk operate to

(Testimony of Bernard Gross.)

effect a seal here with the proper rubber flow in accordance with the discussion you gave us previously? A. Yes.

Q. Now, in connection with the work that was done there at Rohr, I call your attention to Exhibit 39, the data sheet, which has been marked for identification as Plaintiffs' Exhibit 39——

The Clerk: That is in evidence. [282]

Mr. Fulwider: All right.

Q. Is this a typical data sheet illustrating work done in connection with the designing of various sizes of washers and rubber rings?

A. Yes, I would say so.

Q. Would you explain that just a little bit?

A. Well, this data sheet calls out for dimensions and tolerances which we must deal with in manufacturing such an item as this, and for different bolt sizes. It gives the sizes of the doughnut seal and also the retainer ring.

Q. There are a number of sizes on there?

A. A number of sizes?

Q. Yes. A. Yes.

Q. Calling your attention to the photograph, Exhibit 58, will you explain to the court what that illustrates?

A. This photograph shows an experimental die used to make the doughnut seals. These dies were put in a press with heated platens, and then the doughnuts were removed after pressure was applied and the flash taken off.

Q. Those were dies actually used at Rohr Air-

(Testimony of Bernard Gross.)

craft? A. Yes.

Q. Prior to the end of the war?

A. That's right.

Q. I show you Exhibit 55. Will you tell us briefly [283] what that illustrates?

A. This I recall as part of our manufacturing facilities showing the Lock-O-Seals being assembled.

Q. At Rohr? A. At Rohr, yes.

Q. Will you tell us what Exhibit 54 illustrates?

A. This shows the type of packaging that was used at that time. We were very careful about keeping these seals clean, and so they were put up in the manner shown by this photograph. There were 100 in a box, as I recall, and this shows quite a number of boxes.

Q. Can you tell us briefly about the manufacturing of Lock-O-Seals which were then called screw seals, by Rohr up to the end of the war for its own use and for any other uses?

A. Well, Rohr manufactured their own seals for installation in the Coronado PB2Y3 and for components of other airplanes. I recall the water injection tank used in what is now called the Constellation, which had a designation then which I don't recall, and there were some other applications.

The Court: Can you give me the date as to when Rohr ceased to make its own seals? You said it manufactured its own seals.

The Witness: That's right.

The Court: When?

(Testimony of Bernard Gross.)

The Witness: During the war. At the end of the [284] war we shut down on our manufacturing.

The Court: That doesn't mean anything. Can you give me the year, the date, the month?

The Witness: I can accurately say when the war ended, the day the war ended, we closed that particular end of it.

The Court: What date is that? Let's have no dispute as to the time. What was the date?

The Witness: I don't remember which V Day happened when.

The Court: Was it 1956, 1946, 1936?

The Witness: No, it was 1946, I believe.

The Court: 1946?

The Witness: Yes.

The Court: Is it your testimony Rohr manufactured its own seals until some time in 1946?

The Witness: Up to that time.

The Court: Up to that time?

The Witness: Yes.

The Court: Do you remember what time of the year it was?

The Witness: It was in August.

Q. (By Mr. Fulwider): Is that with respect to your conception of when the war ended?

A. That's right. Honestly, that's right. [285]

Mr. Fulwider: I think the record ought to show, your Honor, the war ended in 1945.

The Court: I know. That is why I insisted on this witness giving me the date, because there is a difference of opinion.

(Testimony of Bernard Gross.)

The Witness: I am sorry, your Honor.

The Court: I don't know when it ended as far as he is concerned. To a fellow in service, I guess it ended after he got out of the service.

So your testimony is August 1946 you ceased making the *sales*, approximately that time?

The Witness: Yes, the end of the war, I am sure, oh, yes.

Q. (By Mr. Fulwider): Now I am confused. Was it in August when the war stopped?

A. Yes.

Q. Or was it in August a year after the war stopped?

A. It was August when the war stopped.

Q. 1945?

The Court: You mean 1945?

Mr. Fulwider: I don't want to lead him, your Honor, but I think it is permissible in this case.

The Court: I have had too much experience with determining these dates. I had a case some time ago involving the termination of the emergency, when the emergency terminated. [286]

Mr. Fulwider: That is a real problem.

The Court: So I don't know when the war ceased. Did it cease with the declaration of peace? Did it cease when the firing stopped? Did it cease when the troops came back? I don't know when the war ceased. So I want to know when you think it ceased, so we have got down to August 1945 then.

The Witness: Yes.

(Testimony of Bernard Gross.)

Mr. Fulwider: All right. I don't think it will be critical in this case.

Q. During the period of manufacture of Lock-O-Seals by Rohr up to the end of the war, or up to the time they ceased manufacturing, were there any discussions between you and people in the laboratory concerning the matter of bonding the rubber rings to the inside of the metal washer?

A. Yes.

Q. Do you remember anyone in particular that you discussed that problem with or who discussed it with you, perhaps?

A. It was discussed within the sealing group. I am sorry that I don't recall the names involved at the moment.

Q. Was Mr. Cornwall a member of the sealing group?

A. He was a member of the group, yes.

Q. I call your attention to Exhibit 36, Rohr laboratory sketch 126. Do you recognize the initials down at the bottom [287] of that?

A. Yes, I have seen that initial many times and I am sure that is his.

Q. What is the date?

The Court: Again we have counsel that can't hear you.

Mr. Fulwider: I am sorry. I dropped my voice.

Q. The question was, do you recognize the initials on that sketch, Exhibit 36?

A. Yes, I do.

(Testimony of Bernard Gross.)

Q. What does that sketch show, what does it say?

Mr. Miller: Just a minute. I will object to that. There is no proper foundation laid for that.

The Court: I don't think you should testify as to what a document shows until it is admitted in evidence. If you do that, there is no necessity of admitting it in evidence.

The Clerk: It is in evidence.

The Court: Excuse me. My fault.

Mr. Fulwider: I wasn't sure. [288]

* * * * *

Q. (By Mr. Fulwider): Now, Mr. Gross, calling your attention to Exhibit 36, I believe you just testified that you recall seeing that sketch. Can you tell me from the initials on it or from your recollection, who made the sketch?

A. Yes. That was made by Leo Cornwall.

Q. Will you explain what the sketch shows?

A. The sketch shows—— [295]

Mr. Miller: Just a moment. I am going to object to this, your Honor. The date on the sketch is December 1944, some three months after this application was filed for the patent in suit.

The Court: We have got a double case here. We have got a case on a patent and a case on unfair competition.

Mr. Miller: That is true.

The Court: We are not segregating the case as far as the evidence is concerned. We are putting in

(Testimony of Bernard Gross.)

the evidence jointly. I don't know whether this is to apply on the unfair competition or what.

Mr. Miller: Obviously, it would have to, because it is subsequent to the filing date.

The Court: Then if it has to, I don't know why it isn't relevant.

Mr. Miller: But I think the foundation should be laid here to show that this sketch or the subject matter of it was disclosed to the defendants.

The Court: Overruled. I think the plaintiff should be allowed to present his case as he wants to present it. He might not present it as you would or I would.

Mr. Miller: No, but I don't think he should be permitted to bring in a whole bunch of miscellaneous documents.

The Court: We don't have a jury here, Mr. Miller, [296] and if there is anything immaterial, I will disregard it. I expect about three-fourths of the testimony in this case I will entirely disregard when I get around to deciding it, including the arguments of counsel.

Mr. Miller: It is a matter of record here to handle, as you indicated, on appeal.

The Court: That's right. Objection overruled.

Mr. Williams: May I interpose my objection and reserve a motion to strike this?

The Court: Motion denied. Go ahead.

Q. (By Mr. Fulwider): Now, Mr. Gross, will you explain briefly what Exhibit 36 shows?

A. This sketch shows a Lock-O-Seal and a note

(Testimony of Bernard Gross.)

is made here that the sealing ring be attached by molding or that—I am sorry—that the sealing ring be attached to the retainer by vulcanization or any similar way of doing it.

The Court: What is the date of that?

Q. (By Mr. Fulwider): Will you hold it up so the court can see it?

A. December 1944.

Q. Do you recall discussing that type of seal with Mr. Cornwall at about the time of that sketch?

A. Yes. He was in the sealing group at that time and we did discuss this.

The Court: Now, Mr. Miller, there is another reason [297] why I think this should be allowed to come in, because I think on your opening statement you said that the defendants here had gone to the inventors or the representatives of the inventors, I don't remember who it was, and suggested that the rubber ring be molded to the metal ring, or the metal washer, and they said it couldn't be done. You said that.

Mr. Miller: That's right.

The Court: But at least that is your position.

Mr. Miller: That is my information.

The Court: Here we have got a memorandum dated 12/21/44, in which there is a notation to the effect that the O ring be molded to the metal ring.

Mr. Miller: I don't know what the significance of that molded means. Does it mean molded to it to fit it with the bond, or does it mean vulcanized to it or cemented to it, or what?

(Testimony of Bernard Gross.)

The Court: It says vulcanization similar to chafing strips. What is a chafing strip?

Mr. Miller: A chafing strip is rubber which has been attached or bonded to metal.

The Court: I think this is material, at least in anticipation of something you said you were going to prove. I have already admitted the evidence, but I am drawing your attention to another reason I think it is admissible. I suppose when you state to the court you are going to prove so-and-so [298] when you have an opportunity to put your witnesses on the stand, that the opposing counsel can rely on that assumption and introduce evidence to the contrary on his case in chief. Don't you think so?

Mr. Miller: Then isn't this evidence out of order?

The Court: I don't agree. I just want to call your attention to the fact that I think this is admissible. All right.

Mr. Fulwider: Since we have closed this phase of the case, I would like to offer in evidence the exhibits about which the witness has been most recently testifying, starting with 49, 56, 57, 88, 89, 39, 58, 55, 54, and 36.

The Court: They may be admitted in evidence.

The Clerk: Just a minute.

Mr. Fulwider: I believe some of them were in evidence previously.

The Clerk: 39 was admitted yesterday.

(Testimony of Bernard Gross.)

Now 36 is in evidence, 49, 54, 55, 56, 57, 58, and 89.

(The exhibits referred to were received in evidence and marked Plaintiffs' Exhibits 49, 54, 55, 56, 57, 36, 58 and 89.)

[See Exhibits 36, 49, 54, 55, 56, 57 and 58 in Book of Exhibits.]

Q. (By Mr. Fulwider): Now, Mr. Gross, turning to the period immediately subsequent to August 1945, did the Rohr Aircraft Company thereafter manufacture Lock-O-Seals, or what [299] were still then known as screw seals? A. No.

Q. Before that, can you tell me from your knowledge approximately how many screw seals or Lock-O-Seals were manufactured by Rohr prior to their shutting down at the end of the war?

A. It is hard to say exactly. I can estimate it on the basis of the number of airplanes I know were delivered and approximately went on an airplane.

Q. Would you give me those figures?

A. There was approximately 800, close to 800, as I have been able to recollect, per airplane.

The Court: 800 what?

The Witness: 800 seals per PB2Y3, and there were 70 some odd airplanes delivered.

In addition to that, we sold some to various naval air bases for maintenance work, and to Pan American Airways, and as I recall, some to Lockheed.

Now, this sounds like a little arithmetic to me, and what I remember of it, I would say close to 100,000 anyway.

(Testimony of Bernard Gross.)

Q. (By Mr. Fulwider): Seals sold or used?

A. Used and sold, yes. It might have been more than that, and probably was, but I have no way of knowing now.

Q. Do you know the defendant Joe Kerley?

A. Yes. [300]

Q. Approximately when did you first meet him?

A. During the war.

Q. In what capacity? How did you happen to meet him?

A. He represented, as I recall it, the McClatchie Rubber Company.

Q. Did you have any conversations or dealings with Mr. Kerley soon after the war, that is, we will say the latter part of 1945 or early 1946, concerning Lock-O-Seals?

A. Concerning Lock-O-Seals?

Q. Yes. A. Shortly after the war, yes.

Mr. Miller: Will you speak louder, please?

The Witness: Shortly after the war, yes.

Q. (By Mr. Fulwider): Who manufactured the Lock-O-Seals commencing in 1946, after the war, do you recall the name of that firm?

The Court: What are you going to do from 1945 to 1946? Was there any manufacturing at all?

Mr. Fulwider: Not as far as I know, your Honor. There was a hiatus there.

The Court: Then we begin in 1946?

Mr. Fulwider: That's right.

The Court: All right.

Q. (By Mr. Fulwider): Do you remember the

(Testimony of Bernard Gross.)

name of Green and Kyle? [301] A. Yes.

Q. The firm of Industrial Specialties?

A. Yes.

Q. Can you tell me very briefly how Rohr became connected with or what type arrangement was made between Rohr and Green and Kyle, and Industrial Specialties, concerning the marketing of screw seals or Lock-O-Seals, and what part Mr. Kerley played in that?

A. Well, as I recall it, Mr. Kerley was interested in the manufacture of these Lock-O-Seals, and arrangements were made by Rohr to license Green and Kyle to manufacture them. As far as I recall, the Industrial Specialties Company was the sales organization.

The Court: Just a minute. Was there a written licensing agreement between Rohr and Green and Kyle?

The Witness: Yes.

The Court: I think the written document is the best evidence. [302]

* * * * *

The Clerk: Exhibit 90.

(The document referred to was received in evidence and marked as Plaintiffs' Exhibit No. 90.) [303]

[See page 756.]

* * * * *

Q. (By Mr. Fulwider): Now, let me ask you this, I am not sure I did, but do you know whether or not Mr. Kerley played a part in the granting of

(Testimony of Bernard Gross.)

the license from Rohr to Green and Kyle to manufacture the Lock-O-Seals?

Mr. Williams: I would object to that as calling for a conclusion of the witness. He can say what happened, if he knows.

Mr. Fulwider: I asked him first, does he know.

The Witness: Yes.

Mr. Miller: Whether he played a part?

The Court: Objection overruled. The answer is yes. It may remain in.

Q. (By Mr. Fulwider): Following the signing of the contract, Exhibit 90, did Green and Kyle enter into the manufacture of Lock-O-Seals?

A. As far as I recall, yes.

Q. Did you have any contacts with Mr. Kerley acting, with him acting on behalf of Green and Kyle?

A. Oh, yes.

Q. Did you turn over to Mr. Kerley——

The Court: Now, just a minute. Was Mr. Kerley an employee of Green and Kyle?

The Witness: He was associated with him.

The Court: What do you mean, "associated"?

The Witness: He represented Green and Kyle.

The Court: As a salesman or solicitor or what?

The Witness: Well, as I recall it, he was a part owner.

The Court: How do you know he was a part owner? Did he tell you he was a part owner?

The Witness: Well, he represented them in dealings with and about Green and Kyle.

The Court: I might go out and represent the

(Testimony of Bernard Gross.)

Union Oil Company, but I wouldn't own the Union Oil Company. I might be just an employee. I might be a private in the rear ranks without any authority at all. Did Mr. Kerley ever tell you anything about his connection with Green and Kyle?

The Witness: I talked to him when they were together.

The Court: What do you mean by "they"?

The Witness: When Mr. Kerley and Mr. Kyle were together. They visited together. They visited Rohr together on negotiations.

The Court: I think you can testify as to what was said and what was done, but when you testify that Joe Kerley owned a part of or was associated with Green and Kyle, I think that is purely a conclusion. You can testify to what was said.

Mr. Fulwider: I think at the moment the only question before the court is whether or not he turned over any equipment to Mr. Kerley. [306]

The Court: I don't think that question was asked. That was not the question that was asked.

Mr. Fulwider: I thought that was my last question. Will you read the last question, please?

(Record read.)

Mr. Fulwider: Oh, I see I didn't get to finish it.

The Court: Finish the question.

Q. (By Mr. Fulwider): Did you turn over to Mr. Kerley any equipment, data, or other properties for use by Green and Kyle?

A. Yes, sir, I did.

(Testimony of Bernard Gross.)

Mr. Williams: I object to that. Referring to what? What equipment?

Mr. Fulwider: With reference to the manufacture of Lock-O-Seals.

The Witness: Yes, sir, I did.

The Court: You say equipment and what?

The Witness: Data.

The Court: And data?

The Witness: Yes.

The Court: What did you turn over?

The Witness: All of the tooling that we used in the production of Lock-O-Seals as pictured by these photographs. There were die sets for making retainers. The design of the retainer was quite a complex problem in that you couldn't use [307] that die to make a long run of retainers as you can a common washer, so we had to develop the dies, and, as I recall it, the die sets were turned over, in addition to packaging equipment, and all of the tooling that we had.

The Court: You say tooling and die sets. How about blueprints or experimental data?

The Witness: The data of manufacturing dimensions, dimensions for sizes.

The Court: Did you turn over your files containing——

The Witness: As I recall it, they were data sheets similar to the Rohr lab sketches that you see here.

The Court: How many data sheets were turned over?

(Testimony of Bernard Gross.)

Mr. Williams: I object to this, similar to the data sheets. That is far too vague for me.

The Witness: In character, they were similar to the lab sketches we have been talking about here.

Mr. Williams: But I want to know——

The Court: May I suggest to counsel that we have a reporter here and the reporter is trying to take this all down, and although he is a good reporter, I don't think he can take down three of you at a time.

Mr. Fulwider: I think you are right. Mr. Williams, are you through?

Mr. Williams: I am merely objecting to this going into evidence, there were similar sketches to these sketches. [308] I don't believe that is evidence of any positive act.

The Court: I suppose he meant the sketches introduced in evidence. Is that what you had reference to?

The Witness: Yes.

Mr. Williams: But each sketch introduced in evidence pertains to some specific thing. How can you have something similar to something specific? I object.

The Court: I have overruled the objection. Go ahead.

Q. (By Mr. Fulwider): To clarify the situation, is Exhibit 39 typical of the type of dimension sheets and sketches, manufacturing data, that were turned over to Mr. Kerley for Green and Kyle at the time we are discussing?

(Testimony of Bernard Gross.)

A. This is the type of data and the way it was presented.

Mr. Williams: May I take this witness on voir dire again?

The Court: Yes.

Voir Dire Examination

Q. (By Mr. Williams): Mr. Gross, you are looking at what you term a data sheet.

A. That is what our sketches were in essence.

The Court: Data sheets? [309]

The Witness: Yes.

Q. (By Mr. Williams): Can you testify of your own independent recollection now that the original or a copy of this data sheet was turned over to Mr. Kerley? A. This particular one?

Q. This particular one.

A. No, I couldn't say this particular one was. I said it was typical of the type that he got.

Q. But you can't testify as to which ones they were, is that true? A. That's right.

Mr. Williams: Your Honor please, I move to strike all this testimony. This man is speculating, purely.

The Court: Denied.

Direct Examination—(Resumed)

Q. (By Mr. Fulwider): Did you turn over to Mr. Kerley a number of data sheets?

A. Yes.

Q. Similar to Exhibit 39? A. Yes, sir.

(Testimony of Bernard Gross.)

Q. Did you turn over to him copies of all data sheets and similar dimension sheets that had been used by Rohr up to that time in the manufacture of Lock-O-Seals? [310] A. Yes, sir.

Q. You have mentioned die sets, packaging equipment and tooling. Does the tooling include molds? Did you turn over to Kerley any molds for making rubber rings?

A. Well, there was some single cavity molds, as I recall it, yes, sir.

The Court: May I clarify something here? Were the tooling and dies and data sheets turned over to Kerley or turned over to Green and Kyle?

The Witness: Well, Kerley. These things were given to Kerley in person.

The Court: In person?

The Witness: In person.

Q. (By Mr. Fulwider): And did he tell you at the time that they were to be used by Green and Kyle?

A. I am sure I assumed that, because I was in on the negotiations.

Mr. Miller: I move to strike both the question and answer as leading.

The Court: It may go out. You can't assume. You can just testify what was done.

Mr. Fulwider: I don't think there is any point in belaboring it, because Mr. Kerley will clear the situation up himself.

Mr. Miller: Will you establish the time of the

(Testimony of Bernard Gross.)

[311] transmittal with relation to the contract with Green and Kyle?

Mr. Fulwider: I believe his testimony was it was shortly thereafter.

Mr. Miller: Shortly is an indefinite term. Can you pin it down?

Q. (By Mr. Fulwider): Can you tell, Mr. Gross, about how long after the execution of the Green and Kyle license, which was in 1946, July of 1946, about how long after that it was you turned over this?

A. It was soon thereafter, because I was instrumental in recommending Mr. Kerley, and we were anxious to get him started as soon as possible.

Q. Did Mr. Kerley continue to work with you or to request assistance from you on behalf of Green and Kyle in the manufacture of Lock-O-Seals? A. Yes.

Q. Did you continue to cooperate with Mr. Kerley and with Green and Kyle?

Mr. Williams: May I object, your Honor? We are again calling for a conclusion as to cooperation and working with. Let's have evidence, please, as to what was said and done. This is a very important aspect of the case.

The Court: May I ask a question of counsel?

Mr. Fulwider: Yes, your Honor.

The Court: We have this agreement here that was entered [312] into on the 15th of July 1946. Were the rights under that agreement which was

(Testimony of Bernard Gross.)

obtained by Green and Kyle, or the agreement assigned to anybody or transferred?

Mr. Fulwider: No, your Honor. They expired after Industrial Specialties Company faded out of the picture, and a new agreement was made with the Wolfe Company, and the Wolfe Company employed the successor of Green and Kyle, the Green Rubber Company, to carry on the manufacture. The reason all of this is relevant is because Green and Kyle is the forerunner of today's Rubber Teck. Green and Kyle was a partnership. I don't think there is any argument about it, because Mr. Kerley has testified to all this in his deposition. The partnership was incorporated as Green Rubber, and then changed to Rubber Teck.

The Court: Does Green and Kyle have anything to do with Rubber Teck?

Mr. Fulwider: Yes. It was the forerunner of it.

The Court: Does Mr. Green or Mr. Kyle have any connection with Rubber Teck today?

Mr. Fulwider: No. Mr. Green was part of Rubber Teck when it was first incorporated, but not Mr. Kyle. He dropped out of the scene. This goes to show the entire history of the situation. Rubber Teck grew out of Green and Kyle.

The Court: The thing I am interested in right now [313] is that part of the agreement in which the licensee acknowledges the validity of the patent. Now, assuming that there could be some connection between the licensee of this agreement and the pres-

(Testimony of Bernard Gross.)

ent defendants, do they have a right to come in and question the validity of the patent?

Mr. Fulwider: Unfortunately, there isn't such a connection that will allow us to stand on that covenant, because this particular license was cancelled, and a later license was granted to the Wolfe Company, who then contracted with the Green Rubber Company or Rubber Teck as subcontractors. We considered that.

The Court: You haven't any evidence to raise the question of estoppel as far as these defendants are concerned?

Mr. Fulwider: No. We are not going to contend that, your Honor. [314]

* * * * *

Q. (By Mr. Fulwider): Having in mind that the contract, Exhibit 90, is dated July 1946, approximately how long after that did the Franklin C. Wolfe Company start marketing Lock-O-Seals manufactured by Green and Kyle?

The Court: Just a minute. Which contract are you referring to?

Mr. Fulwider: Exhibit 90, I said.

The Court: Defendants' Exhibit 90?

Mr. Fulwider: I meant to say Exhibit 90.

The Court: Maybe you did and maybe I wasn't listening. Exhibit 90, that is the contract. Do you remember the question now?

The Witness: Yes. How long after the contract, that is the contract that was——

Q. (By Mr. Fulwider): Between Rohr and

(Testimony of Bernard Gross.)

Green and Kyle. A. I don't recall.

Q. You don't recall? A. No.

Mr. Fulwider: All right. I think this might be a good time to get the next contract in to clear up the situation. It is also attached to Shepard's deposition, I believe.

Will you mark that 91, please? [317]

* * * * *

The Clerk: 91 for identification.

(The document referred to was marked Plaintiffs' Exhibit No. 91 for identification.)

* * * * *

The Court: It may be admitted in evidence.

The Clerk: Exhibit 91.

(The document referred to was received in evidence and marked as Plaintiffs' Exhibit No. 91.) [321]

[See page 762.]

* * * * *

Q. (By Mr. Fulwider): Mr. Gross, I believe just before the noon recess, you stated you had turned over certain equipment and information to Mr. Kerley in 1946. Thereafter, during the period from that time in 1946 up through 1953, did you have occasion to see Mr. Kerley from time to time?

A. Yes.

Q. Approximately how often on the average during that period of years?

A. Well, I would say on an average of twice a month.

Mr. Miller: Did you say twice a month?

(Testimony of Bernard Gross.)

The Witness: Yes.

Q. (By Mr. Fulwider): Did you on those occasions discuss Lock-O-Seals with Mr. Kerley?

A. Yes, as relates to new applications and testing, which was going on continuously.

Q. And manufacturing? [324]

A. Yes. [325]

* * * * *

Q. (By Mr. Fulwider): Did Mr. Kerley tell you he was an employee or partner or an officer of Green Rubber Company, which name was later changed to Rubber Teck?

A. Yes, he did. That was a corporation and he was an officer of the corporation. He told me so and I understood it to be that way because he told me so.

The Court: What officer did he tell you he was?

The Witness: Your Honor, if I recall, he was secretary. He told me he was secretary.

Mr. Williams: That was as to Green Rubber Company?

The Witness: That was the question.

Mr. Williams: That was not Green and Kyle?

The Witness: But I believe the question as Green Rubber.

Q. (By Mr. Fulwider): Yes, the question was Green Rubber, which subsequently became Rubber Teck. During the period of time from, say, 1947, 1948, up through 1953, did you as director of the Rohr laboratory have occasion to run various tests and make various reports in connection with Lock-

(Testimony of Bernard Gross.)

O-Seals and materials that went in them, which were made for the purpose of manufacturing Lock-O-Seals or getting government [328] approval on further applications?

Mr. Miller: That is putting words right in his mouth. Ask him what he did and what the purpose was.

The Court: Haven't we gone over this once before?

Mr. Fulwider: I was trying to lump it all together.

The Court: I thought we had gone over this before. He has testified what was done.

Mr. Fulwider: That he ran lots of tests, but they were mostly in the early period. We have a few reports out of a great mass we brought in that I want to introduce as illustrative of the test work done during the latter period or for the benefit of the manufacturing processes. It is very material. We have alleged in our pleadings that tests were made and other work was done, that the defendants got the benefit of that, and that is part of the information that was turned over to them which they have used subsequently. I was trying to get to them as quickly as possible.

The Court: I don't think you better just ask an overall question, a catch-all question. You can show those tests to the witness, like you did before, and let him identify them.

Mr. Fulwider: That is exactly what I plan to do.

(Testimony of Bernard Gross.)

The Court: You asked a question that was all-inclusive. Objection sustained.

Q. (By Mr. Fulwider): I call your attention first, Mr. [329] Gross, to Plaintiffs' Exhibit No. 1 for identification, which is on the report sheet of Rohr Aircraft Corporation. Can you tell me what that is?

A. That is a data sheet on tolerances of the Lock-O-Seal, at that time a new set of tolerances for manufacturing purposes, and that is my signature, too.

Q. Is that illustrative of the tests that were run over that period of time?

A. Yes, I would say so.

Q. Does that have dimensions as both the rubber ring and the metal washer? A. Yes.

Q. I will show you Exhibit No. 24. Will you examine this and tell me briefly what it contains, what it illustrates as to tests that were run in your laboratory?

A. This is a laboratory report that deals with the seals, and in particular with the bolt compression loads versus the impression in materials.

Q. Is that your signature on the report?

A. I was just looking for that. Yes, that is my signature on the report.

Mr. Williams: May we have the date on that?

Q. (By Mr. Fulwider): What is the date on that, Mr. Gross? A. The date 10/1/48. [330]

Mr. Miller: Which exhibit?

Q. (By Mr. Fulwider): That is on Exhibit 24?

(Testimony of Bernard Gross.)

A. 24.

Q. And the date on No. 1, will you take a look at that? A. The date is 5/18/49.

Q. Now, I hand you Exhibit 25, entitled Laboratory Report, dated 10/10/49. Will you tell us what type of test that illustrates, and is that signed by you?

A. That is signed by me with my own seal, and it deals with Lock-O-Seals, and in particular hex head bolts and rivets and——

Mr. Williams: We can't hear the witness.

The Witness: I'm sorry. I say this report deals with Lock-O-Seals and in particular hex head bolts and rivets, particularly the round head rivets.

Mr. Miller: That is exhibit what?

Mr. Fulwider: 25.

Q. Now, Exhibit 26 is entitled Laboratory Report, dated 10/17/49. Is that your signature?

A. That is my signature and my seal.

Q. What type test work does that report cover?

A. That deals with Lock-O-Seals and in particular the Lock-O-Seals, a new size of Lock-O-Seals compared to the current type of B-36 Lock-O-Seals.

At that time there was a pretty urgent call for [331] something which would improve the leakage on the B-36. It was a major problem and we had quite a bit of work, which was subsequently used, as far as I know.

Q. I call your attention to Plaintiffs' Exhibit 18, headed Laboratory Report, dated 2/3/50, and to a letter dated April 24, 1950, which is Exhibit 6.

(Testimony of Bernard Gross.)

Will you tell us what tests were performed in connection with the report, Exhibit 18?

A. This report deals with the functional testing of a sealing ring and determines whether or not it meets military specifications. It is signed by me. This letter is a letter of transmittal of this report to Mr. Joe Kerley of Rubber Teck, Inc., dated 24 April 1950.

Q. And the letter of transmittal, I believe, refers, does it, to Exhibit 18?

A. That is correct.

Q. Which is gravity test RT-1007?

A. That's right.

Mr. Miller: What is the date of the letter, Mr. Gross?

The Witness: The date of the letter is April 24, 1950.

Mr. Miller: Was that letter identified as Plaintiffs' Exhibit 6 for identification?

The Witness: Yes. [332]

Mr. Fulwider: Yes.

Q. I call your attention to Plaintiffs' Exhibit 19, Rohr Laboratory Report dated 11/18/50. Will you tell us the purpose of those tests, what tests are covered in that?

A. Yes. This test deals with the functional test in various types of environment of Lock-O-Seals. This report covers, as I recall it, some three months of intensive testing.

Q. Is that your signature on the report?

(Testimony of Bernard Gross.)

A. This report has been signed by me and was under my direct supervision.

Q. I call your attention to Plaintiffs' Exhibit 27, Rohr Laboratory Report, dated 10/18/49. Is that your signature?

A. That is my signature.

Q. Will you tell us what that report covers?

A. Yes. This report deals with Lock-O-Seals and involves the testing of the Lock-O-Seal 200 series versus the current B-36 type, or current at that time. It specifically had to do with the torque testing of bolts with these two types of seals.

Q. I show you Plaintiffs' Exhibit 28, Rohr Laboratory Report dated 1/5/51, which is unsigned. Do you recall this report? Can you tell me whether or not the original went out? That is a carbon copy.

A. This report deals with Lock-O-Seal 200-AC series and is a summary of evaluation tests, including four referred to reports. It was signed by me, at least the original was, I am sure.

Q. As to Exhibit 29, reproductions of three photos, lab report E-159, undated, do you recognize that? Can you tell me what it is?

A. This represents what we know of as a photo lab report and gives the procedure and results of testing Lock-O-Seals in steel tubular sections, and in particular engine mounts. It was possible with this seal to improve on all of the major airplane engine mounts by the use of these Lock-O-Seals and to test them in service, which was impossible before this time. The testing bolt could be taken out and

(Testimony of Bernard Gross.)

freon gas was used, and then after the testing bolt was put back and it was again properly sealed so that at altitude there was no taking on of air, coming down from altitude, with subsequent corrosion and failure of engine mounts.

Q. I call your attention to Plaintiffs' Exhibit 20, which is a Rohr laboratory report dated 3/8/51. Will you tell us the purpose of the test work described in that report? Perhaps you may wish to refer briefly to some of the photos in there.

A. This report had to do with the sealing of integral structures, and in particular channel sealing Lock-O-Seals, in [334] this case Lock-O-Seals being used in connection with a newly-developed channel sealing. These test cubics were prepared and sent to Wright Field, and they went through 18 months of rigid testing. As a result of this work, this combination was used and is being used now on major airplanes, including the Grumman Tiger, Chance-Vought Crusader, and others.

Q. Referring to Exhibit 3, which is a series of reports bearing different dates, can you tell me the purpose of these reports and for whom they were prepared?

A. Shall I refer to the numbers?

Q. It would be better, yes.

Mr. Miller: And will you read the date, please, Mr. Gross?

Q. (By Mr. Fulwider): As to each one referred to, call out the date.

A. Exhibit 3, dated 6/27/50, deals with the test-

(Testimony of Bernard Gross.)

ing of synthetic rubber in accordance with U. S. Air Force specification, and it was performed on RT-213 submitted to us by Franklin C. Wolfe Company. Exhibit No.—

Q. They are all part of Exhibit 3.

A. This report dated June 1950 deals with tests in conformance with Air Force specifications, and it was on a material compounded and submitted to us from the Rubber Teck, Inc.

This report dated 5/1/51 deals with the testing of [335] synthetic rubber which was of the weather-resistant type in conformance with aeronautic specifications, aeronautic material specifications.

This report dated August 1951 deals with the testing of synthetic rubber in accordance with Air Force specifications. The RT-213 was submitted from the Rubber Teck Corporation.

The next report is dated 9/28/51 and also deals with testing of synthetic rubber in accordance with military specifications. The compound RT-213/40A from the Rubber Teck Corporation was submitted to us for this test.

Report of 9/28/51 deals with testing of a rubber compound RT-213-40 from the Rubber Teck Corporation. That was tested in accordance with military specifications.

Report of 9/28/51 deals with testing of synthetic rubber, compound RT-213-40, submitted to us from the Rubber Teck Corporation and was tested in accordance with military specifications.

This report deals with the environmental testing

(Testimony of Bernard Gross.)

of rubber identified as RT-172-40, a sample received by us on 9 February 52.

The laboratory report dated 4/15/52 deals with the testing of synthetic rubber.

On compound RT-130-70 from the Rubber Teck Corporation, tests were made in accordance with military specifications. [336]

Report dated 1/29/53, tests were made in accordance with military specifications on compound RT-171-80 from the Rubber Teck Corporation.

Mr. Phipps: May I ask the RT numbers again?

The Witness: RT-171-80 on 1/29/53, and the report deals with the testing of synthetic rubber in accordance with military specifications and was submitted to us by Rubber Teck and identified as RT-170-160.

On 3/4/53 a report deals with the testing of synthetic rubber identified as RT-172-40, synthetic rubber.

A report dated 6/10/53 deals with the testing of synthetic rubber identified as RT-184-60 in accordance with military specifications.

The report dated 11/30/53 deals with tests on synthetic rubber examined for its low temperature resistance.

Q. (By Mr. Fulwider): The RT numbers in those designations, where did they come from?

A. RT was an abbreviation or a designation used for material from Rubber Teck.

Q. I believe you mentioned some of these reports were made by Rubber Teck. Can you tell me

(Testimony of Bernard Gross.)

which ones were other than the ones you mentioned? Are any of the first ones made for Rubber Teck?

A. Well, I believe I mentioned those. I gave that. [337]

Q. You did? A. Yes.

Q. Thank you. I missed some of the first ones. I have two more only.

I call your attention to Plaintiffs' Exhibit 4, which is Rohr lab report dated 3/13/52. Will you explain that briefly for us and who that was for?

A. This report MP-133, dated 3/13/52, deals with the functional performance of sealing rings in accordance with military specifications, made from Rubber Teck RT-5500. This is one of the tests, as I recall it, that took approximately three months of continuous work.

Q. As to Exhibit 5, Rohr lab report dated 3/17/53, will you tell us.

A. Rohr lab report MP-192, dated 3/17/53 deals with the functional testing at environments specified and military specifications. The material used was Rubber Teck RT-167-60.

Q. Were all those reports about which you have testified made under your direction? A. Yes.

The Court: Do I understand Rubber Teck asked you to make these tests or asked Rohr to make the tests?

The Witness: That's right.

The Court: These were tests actually made for Rubber Teck? [338]

(Testimony of Bernard Gross.)

Mr. Fulwider: I think the latter ones, that is true.

The Witness: The ones that are so marked, yes.

Q. (By Mr. Fulwider): Is that true of the last three, three, four, five?

A. Well, I think I indicated that when I discussed them.

Q. Part of 3 and all of 4 and 5, is that correct?

A. Part of 3, yes, that's right.

Mr. Fulwider: I would like to offer all those tests in evidence, being Exhibits 1, 24, 25, 26, 27, the letter No. 6, reports 18, 19, 27, 28, 29, 20, 3, 4, 5.

The Court: They may be received in evidence.

The Clerk: Exhibits 1, 3, 4, 5, 6, 18, 19, 20, 24, 25, 26, 27, 28 and 29.

(The exhibits referred to were received in evidence and marked as Plaintiffs' Exhibits 1, 3, 4, 5, 6, 18, 19, 20, 24, 25, 26, 27, 28, and 29.)

[See Nos. 1 and 3 in Book of Exhibits.]

[See Exhibit 6 at page 743.]

Q. (By Mr. Fulwider): Now, Mr. Gross, you mentioned that some of those reports were made directly for Rubber Teck. Can you tell me the purpose for which those tests were made?

A. Well, as far as I know, it was technical assistance to Rubber Teck to assist them in manufacturing of the seals for Franklin C. Wolfe.

Q. Were you ever advised by Rubber Teck that the materials [339] submitted to you for testing upon which you submitted reports would be used in making products competitive with those of Franklin C. Wolfe? A. No.

(Testimony of Bernard Gross.)

Q. Were you ever advised by Rubber Teck or any of the defendants that they planned to manufacture with materials submitted to you for test Duo-Seals? A. No.

The Court: May I inquire, here you have a license agreement under which you licensed Franklin C. Wolfe Company. Now, did you have a license agreement with Rubber Teck?

The Witness: No, but there was an agreement between the Franklin C. Wolfe Company and Rubber Teck.

The Court: Was that agreement in writing?

The Witness: I have never seen it. I thought that it was. I had that understanding, I might say.

The Court: May I ask counsel, was there such an agreement in writing?

Mr. Fulwider: There was an agreement written up. The parties seem to feel it was signed. We are not sure on the signing, but everybody seems to agree it was operated under for some years. It was a manufacturing arrangement between the Wolfe Company and Rubber Teck, made at the same time as this license to Wolfe.

Is that a fair statement, Mr. Miller? [340]

Mr. Miller: No. The draft we have seen was an unsigned carbon made out between Franklin C. Wolfe Company and Joe Kerley.

Mr. Fulwider: I don't want to get into a discussion of it, but I was basing my statement on Mr. Kerley's deposition.

Mr. Miller: Isn't it an exhibit here?

(Testimony of Bernard Gross.)

Mr. Fulwider: If it is, let's put it in at this time.

The Court: I want to know why Rohr was doing anything for Rubber Teck, unless there is some connection here between Rubber Teck and Wolfe.

Mr. Fulwider: On the matter of the agreement between Wolfe and Rubber Teck, we would like to offer in evidence Plaintiffs' Exhibit 17, which is an agreement, unsigned, but dated 29 November 1948 between Franklin Wolfe Company and J. Kerley.

The Court: It may be received in evidence.

The Clerk: Exhibit 17.

(The document referred to was received in evidence and marked as Plaintiffs' Exhibit No. 17.)

[See page 747.]

The Court: May I inquire, this license agreement between Rohr and Franklin C. Wolfe was never considered as an exclusive agreement, was it?

Mr. Fulwider: The first license was not exclusive. [341] There was a subsequent license which was dated in 1950, which we are planning to introduce later, and this might be a good time to get that in, and then we have agreements in which the license was made exclusive, but the manufacturing arrangement between Wolfe Company and Rubber Teck continued unchanged. That was attached also to the Shepard deposition.

The Court: Now, what is the number of the unsigned agreement?

Mr. Lee: 17, your Honor.

(Testimony of Bernard Gross.)

Mr. Fulwider: Will you give us the next number for this one?

The Clerk: Exhibit 92 for identification.

(The document referred to was marked as Plaintiffs' Exhibit No. 92 for identification.)

Mr. Fulwider: Is this admitted, your Honor? It supersedes the one you are looking at now.

The Court: It may be received in evidence.

The Clerk: Exhibit 92.

(The document referred to was received in evidence and marked as Plaintiffs' Exhibit No. 92.)

[See page 768.]

Q. (By Mr. Fulwider): Mr. Gross, when did you first hear of the Duo-Seal manufactured by the defendant Rubber Teck?

A. As I recall it, I saw it at the Society of Automotive Engineers exhibit in Los Angeles. [342]

The Court: When?

The Witness: I am trying to recall when the meeting was.

Q. (By Mr. Fulwider): Had you heard of the existence of the Duo-Seal prior to seeing it at the SAE meeting?

A. No. That was the first time.

The Court: Can you stipulate as to when this meeting was? The fact that there was a meeting doesn't mean anything to me.

Mr. Fulwider: It was in 1954 some time.

The Court: Do you agree?

Mr. Miller: I don't know anything about it.

(Testimony of Bernard Gross.)

I don't think it makes very much difference when it was after we started. I think the dates can be established when we started. I can't understand the materiality of this. What difference does it make when Mr. Gross first saw it? In other words, he may have seen it last week for the first time.

The Court: I assume that if the holder of a patent knows his patent is being infringed and doesn't do anything about it, allows people to go ahead, that there might be raised a question of estoppel, or something like that. I don't know what the idea is.

Mr. Miller: But he didn't own the patent in 1954.

The Court: But you are trying to show when he first saw it. Maybe we can stipulate when it was first placed [343] on the market.

Mr. Miller: I can't understand the materiality. It would be about the same as when Mr. Murphy saw it.

The Court: I don't understand the materiality of a lot of these exhibits yet.

Mr. Fulwider: They will all tie in together.

The Witness: Your Honor, I believe it was in 1953, the SAE meeting in Los Angeles.

The Court: 1953?

The Witness: Yes, sir.

The Court: All right.

Q. (By Mr. Fulwider): At any rate, you saw it after it was on the market?

A. Yes, I saw it in an exhibit at the——

(Testimony of Bernard Gross.)

Mr. Miller: I object.

The Court: Counsel, you are extending the answer. He said he saw it. He didn't say anything about seeing it on the market or seeing it for sale. He saw it at an exhibit. So don't extend his answer.

Mr. Fulwider: I was just trying to clarify something. I have one more question.

Q. Mr. Gross, you had personal charge of all this test work about which we have been testifying, didn't you? A. Yes.

Q. Have you formed an estimate of the cost to Rohr of [344] the laboratory work done in connection with Lock-O-Seals?

Mr. Miller: Object to that as calling for a conclusion, your Honor. We have gone through that with Mr. Wynne.

The Court: Read the question.

(Question read.)

The Court: Well, I am going to sustain the objection until the proper foundation is laid. He has testified as to the work that was done. I don't know what kind of records were kept, whether there was any cost accounting kept. I don't know whether this witness knows how much time individuals put upon certain of the projects.

Mr. Fulwider: It seems to me, he being in personal contact with the entire program and in charge of the laboratory throughout, that his opinion as a person personally connected and as an expert in this type of business is admissible.

The Court: Well, I don't agree.

(Testimony of Bernard Gross.)

Mr. Fulwider: That's all. [345]

* * * * *

JOE KERLEY

called as a witness on behalf of the plaintiffs, under the provisions of Rule 43(b) of the Federal Rules of Civil Procedure, having been first duly sworn, was examined and testified as follows:

* * * * *

Direct Examination

Q. (By Mr. Fulwider): Mr. Kerley, you are one of the defendants in this [352] case, I believe?

A. Yes, sir, I believe so, too.

Q. Were you one of the incorporators or first directors of Rubber Teck Corporation, originally known as Green and Kyle?

A. Yes, sir.

Q. I don't mean Green and Kyle, I mean Green Rubber and Machine Works.

A. Yes, sir.

* * * * *

Q. (By Mr. Fulwider): Were you ever an officer of Rubber Teck Corporation?

A. Yes, sir.

Q. What office did you hold?

A. Secretary and treasurer.

Q. During what period of time? That is to say, were you secretary and treasurer from the beginning?

A. From the time it was incorporated until July of 1944, I believe.

The Court: Wait a minute. It was incorporated in 1947.

Q. (By Mr. Fulwider): You mean 1954?

Testimony of Joe Kerley.)

A. 1954, I beg your pardon.

Q. Were you also a stockholder of Rubber Teck?

A. Yes, sir.

Q. And what percentage of stock did you hold?

A. Well, it varied a little bit. I believe it was around 32 per cent at the last.

Q. Are you a stockholder now?

A. No, sir.

Q. You had about 32 per cent when you disposed of your stock. [354]

A. When I sold out.

Q. Yes. And to whom did you sell?

A. I sold to Mr. Karres and Mr. Grass.

Q. When was that made?

A. In July of 1954, approximately.

Q. Did you also resign as an officer and director at that time?

A. Yes, sir.

Q. You were a director throughout the entire time that you were a member of the corporation?

A. That's right.

Q. How many directors are there on the board of directors of Rubber Teck, or were there at the time you left?

A. Three.

Q. Who were they?

A. Mr. Grass, Mr. Karres and myself.

Q. During the last war, I believe you were sales manager of the aircraft division of McClatchie Company?

A. Yes, sir, that's right.

Q. And in connection with your duties in that position, did you have occasion to call on and become acquainted with Mr. Gross at Rohr?

(Testimony of Joe Kerley.)

A. Yes, sir.

Q. Did you know Mr. Gross in 1944?

A. Yes, sir. [355]

Q. Did you call on the Rohr Company during the years 1944 and 1945? A. Yes, sir.

Q. You knew then, I take it, that commencing in the latter part of 1944 or the early part of 1945 that Rohr Aircraft Company was manufacturing a sealing device then known as the screw seal, now known as the Lock-O-Seal?

A. That was in 1944 and 1945?

Q. Yes. A. Yes.

Q. Was the sealing device, which we will call Lock-O-Seal, because it was subsequently known by that name, successful as manufactured by Rohr?

A. Well, I would say it was.

Q. In other words, it did the sealing job for which it was designed? A. I believe so.

Q. You were familiar, also, I take it, with the fact that Rohr was actually using the Lock-O-Seal on ships, airships, aircraft, which it was converting during 1944 and 1945? A. That's right.

Q. Subsequent to August 1945, which was the date of the cessation of armed hostilities in the last war, did you approach Rohr Aircraft Company in connection with the manufacture or sale of Lock-O-Seals? [356]

A. I am not positive of the date, but I did approach them.

Q. And would that have been perhaps early 1946, six months or so after the war stopped?

(Testimony of Joe Kerley.)

A. It could be along there. I am not positive of the date.

Q. I call your attention to Exhibit 90, which is an agreement between Rohr Aircraft and Green and Kyle, dated July 15, 1946. Having that date in mind, when would you say that you called on Rohr in connection with the manufacture and sale of Lock-O-Seal?

A. Well, I would say that it was quite a number of months before that.

Q. Probably early in 1946, then?

A. Yes, it would have been. It could have been the latter part of 1945 or the early part of 1946.

Q. At that time did you know two men by the name of Green and Kyle who were operating a firm under the name of Green and Kyle?

A. Yes, sir.

Q. I believe in 1946, sometime prior to the execution of that contract, Exhibit 90, that you took Mr. Green and Mr. Kyle down to San Diego to meet Mr. Shepard of Rohr, did you not?

A. That's right. [357]

Q. What was the purpose of that conference, if you know?

A. The purpose of taking Mr. Green and Mr. Kyle to Mr. Shepard?

Q. Yes.

A. It was to negotiate a contract between them for the manufacture of the seal.

Q. That's right, and you acted somewhat in the capacity of negotiator, that you brought the parties

(Testimony of Joe Kerley.)

together? A. That's right.

Q. Did you also——

The Court: May I inquire?

Mr. Fulwider: Pardon me, your Honor.

The Court: What were you to do down there, just make a contact for the purpose of making a commission on the contract?

The Witness: Well, yes, sir, your Honor.

The Court: Were you a broker of any kind?

The Witness: No, sir.

The Court: You were just bringing these parties together?

The Witness: At that time I was employed by the McClatchie Manufacturing Company.

The Court: You were bringing these parties together.

The Witness: That's right. [358]

The Court: Were you to get paid for bringing them together by either side?

The Witness: Yes. I wanted five per cent of the over-all of the manufacturing.

The Court: You were to get a five per cent commission, then, if the deal was made, is that right?

The Witness: Yes, sir, that's right.

Q. (By Mr. Fulwider): That was to be five per cent on the sales made by Green and Kyle of Lock-O-Seals?

A. Yes. That would be the—of the Lock-O-Seals that they delivered to Industrial Sales.

Q. Were you instrumental in bringing Indus-

(Testimony of Joe Kerley.)

trial Specialty Company in as a selling agent for Green and Kyle?

A. No, sir. I had nothing to do with that.

Q. You were aware of the fact that they were operating at that time as sales agent for Green and Kyle?

A. Well, yes. They were brought in by the Rohr Aircraft. The negotiations, so far as I know, was always with Rohr Aircraft.

Q. Now, were you familiar with the contract, Exhibit 90, at or shortly after the time it was executed? A. Yes, sir.

Q. You sat in on at least some of the conferences between Messrs. Green and Kyle and people of Rohr in connection with that contract? [359]

A. Two, as well as I remember.

Q. Do you recognize the signatures of the people on that contract?

A. Well, you know, I am not—it has been a long time. I am not familiar with their signatures, but I assume this is their signatures.

Q. Do you know whether or not Green and Kyle did in fact operate under that license agreement?

Q. Do I know that they did operate under it?

Q. Yes. A. Yes, sir.

Mr. Fulwider: I would like to offer that in evidence, your Honor, or is it already in?

The Court: Is 90 in? I think 90 is in evidence.

The Clerk: It is already in.

The Court: You got the five per cent of the sales made under that contract?

(Testimony of Joe Kerley.)

The Witness: No, sir, I never received any.

The Court: You never did?

The Witness: There wasn't enough sold to make it worth-while.

* * * * *

Q. (By Mr. Fulwider): After Green and Kyle took over the [360] manufacture of Lock-O-Seals, did you have any connection with Green and Kyle and Rohr with respect to the manufacture of Lock-O-Seals?

A. Yes. There was, I would say, several conversations on the manufacturing of it.

Q. I believe you acted pretty much as a liaison man between Green and Kyle and Rohr there for some time, did you not? A. That's right.

Q. Shortly after the Green and Kyle license of July, 1946, Exhibit 90, was made, Mr. Gross on behalf of Rohr turned over to you all of the equipment that Rohr had at that time for the manufacture of Lock-O-Seals, did he not?

A. What there was of it. I imagine we got most of it, but very little.

Q. What he had, you got, as far as you know?

A. There was a few single cavity experimental molds.

Q. Speak up.

A. Maybe some single cavity experimental molds, a die set or two. Nothing in the way of production equipment.

The Court: Any plans, any blueprints?

The Witness: I wouldn't call them blueprints,

(Testimony of Joe Kerley.)

your Honor. There were some sketches of different sizes.

The Court: Any results of any experiments, tests?

The Witness: I don't remember any experiment or [361] test at that time.

The Court: Well, would you classify the papers that you got as few, or were they voluminous? You got some papers.

The Witness: Yes, we got some papers that I am speaking of. There wouldn't have been any great quantities, because there wasn't too many sizes made at that time.

Q. (By Mr. Fulwider): I believe there were only about two or three popular sizes that had been made in quantity at that time.

A. That's right. There wasn't any quantity on any size at that particular time.

Q. As compared to what you have now.

A. Yes.

Q. But whatever you needed in the way of data sheets and sketches and such to manufacture those sizes of Lock-O-Seal were given to you by Mr. Gross, weren't they?

A. Well, some of those could have been received directly from Industrial Specialties.

Q. Some of them may have come to you from Rohr, too, and Industrial? A. That's right.

Q. Since Industrial was handling the sales.

A. That's right.

Q. But from one or the other, either Rohr or

(Testimony of Joe Kerley.)

Industrial, [362] you got all the data sheets and sketches and information like that that Green and Kyle needed to get into this manufacturing business of Lock-O-Seals, didn't you?

A. To start with, yes.

Q. Did Mr. Gross work with you in this early period, assist you in—when I say you, I mean Green and Kyle, in trying to get started and getting started in this business?

A. Well, in a way of some information, the information that he might have given. Also, we might call up there and ask for some information on how they construed it should be done, too.

Q. He gave you during that period of time all the cooperation that you requested, didn't he?

A. I would say so.

Q. All the assistance that you needed to get into business.

A. Yes, sir.

The Court: That is a conclusion, all the assistance needed. I don't know about that. He cooperated.

Mr. Fulwider: I know they are very general questions, your Honor, but he was asked similar questions in the deposition and answered as he has today, and because he is an adverse party, I thought it would be proper.

The Court: All right. Go ahead.

Q. (By Mr. Fulwider): I believe Mr. Gross also turned [363] over to you for Green and Kyle in 1946 some samples of Lock-O-Seals that Rohr had on hand at that time, did he not?

(Testimony of Joe Kerley.)

A. You mean of the finished product?

Q. Yes. A. Yes, there was a few.

The Court: Did he turn over not only the samples, but the seals that he had manufactured?

The Witness: I imagine, your Honor, that there were some seals that they had manufactured themselves.

The Court: Did they turn over the stock to you or just some samples?

The Witness: Just samples.

The Court: Just samples.

The Witness: There might have been—I would like to go back a little ways. There might have been a few—there might have been what you would call just samples. There weren't very many, though.

Q. (By Mr. Fulwider): I think I misspoke in calling them samples. They were actually production seals, some of the inventory that Rohr had on hand at the close of the war, I take it?

A. Yes. I would say a very small amount of inventory.

Q. At least several boxes. A. Yes.

Q. I believe those boxes held about a hundred, did they [364] not? Do you remember?

A. I don't remember. Could be.

Q. Now, Green Rubber Co. was formed in 1947. Was that the time you left McClatchie Company?

A. I left McClatchie Manufacturing in March, 1947. [365]

* * * * *

Q. The fact is, isn't it, Mr. Kerley, that the

(Testimony of Joe Kerley.)

business which was being operated as Green and Kyle was turned over, merged into the Rubber Teck Corporation?

A. When Mr. Kyle left them, it became known as the Green Rubber Company.

Q. Mr. Green did business a little while himself as the Green Rubber Company before he incorporated, is that right?

A. It might have been just a few weeks or a month there.

Q. Then all those assets pertaining to the rubber business were turned over to the corporation when it was formed?

A. As well as I remember.

Q. As a matter of fact, the corporation, Rubber Teck Corporation, then Green Rubber, continued to operate in the same place of business, didn't it, at the beginning? A. A very few months.

Q. And took over all the facilities and the place of business and just carried on? [367]

A. That's right. [368]

* * * * *

Q. (By Mr. Fulwider): Now, Mr. Kerley, what were your duties with Rubber Teck Corporation in the first year of its operation?

A. Well, just about everything to get the company going and keep it going.

Q. In other words, you had to do with both production and sales, I take it?

A. That's right.

Q. Now, in the next two or three years after

(Testimony of Joe Kerley.)

the incorporation of Rubber Teck, in the middle of 1947, were additional sizes of Lock-O-Seals manufactured and put on the market?

A. I am a little confused here. Did you say Rubber Teck in 1947?

Q. Yes, then known as Green Rubber.

A. Oh. Now, give me the question again, please.

Q. During the two- or three-year period immediately after Green Rubber Company, which is Rubber Teck, took over the Lock-O-Seal business, were additional sizes developed and manufactured and put on the market?

A. It is pretty hard to remember. There could have been a few extra sizes in there. I would hesitate to name any specific sizes.

Q. Then in terms of the years 1948, 1949 and 1950, there were quite a number of additional sizes of Lock-O-Seals [374] put on the market, were there not?

A. Yes, there was quite a number of larger sizes developed.

Q. And then did Mr. Gross or Rohr Aircraft work with you and your Rubber Teck Company in developing these new sizes, as they were called for?

A. Yes. There was quite a bit of cooperation there between the companies.

Q. And as new sizes were designed and manufactured, it was your practice to send them down to Mr. Gross at Rohr for testing, was it not?

A. We are speaking of 1950 now?

Q. Yes, the period of 1948 through 1950.

(Testimony of Joe Kerley.)

A. Yes. I wouldn't say all of them were sent down. If he requested we make a certain size and send it down for test, I would say we sent it.

Q. The dimensions, tolerances, and such for these new sizes, as they were developed, were furnished to you by Rohr, were they not?

The Court: What do you mean? Did Rohr say, "I want a seal two inches in diameter and a tolerance of so and so, you build it," or did they give you a blueprint and say, "Build it according to the blueprint"? What do you mean?

Mr. Fulwider: I am coming to that.

The Court: I don't know what you are talking about. [375]

Mr. Fulwider: Well, I can ask him that question now. I planned to ask him that about the second question from here.

Q. During the period about which we are speaking, Rohr furnished to you data sheets or sketches, did they not, having the dimensions and tolerances for the new sizes as they were developed?

Mr. Williams: I am going to object to that as being indefinite. During that period, he says. We are covering a three- or four-year period.

The Court: I will sustain the objection upon the ground it is indefinite as to the period of time only.

Q. (By Mr. Fulwider): During the years 1948, 1949 and 1950.

Mr. Williams: If your Honor please, may I take the witness on voir dire for one question?

(Testimony of Joe Kerley.)

The Court: Yes.

Voir Dire Examination

Q. (By Mr. Williams): Mr. Kerley, do you understand counsel when he says received from Rohr as being distinguished from received from Mr. Gross? Is there a distinction in your mind between Mr. Gross and Rohr? When you say yes from Rohr, do you mean yes from Mr. Gross, or was there some official communication from Rohr Aircraft? [376]

A. I construe it to mean they would be from Rohr Aircraft through Mr. Gross.

Q. These questions have been asked you, did you ever receive any requests from Rohr Aircraft that were not signed by Mr. Gross?

A. There could have been. I would say most of them were possibly signed.

Q. By Mr. Gross? A. Mr. Gross.

The Court: There is no question of that here.

Mr. Williams: The requests apparently all came from Mr. Gross.

The Court: Mr. Gross wasn't operating an independent business. As far as I know, he didn't have anything else to do.

Mr. Williams: I think it is material to this matter that a distinction be made, your Honor, and I think it should be kept clear in mind.

Mr. Miller: We don't know about this theory on the trade secrets yet. We don't know whether Mr. Gross is being accused of having stolen some

(Testimony of Joe Kerley.)

trade secrets from Rohr and transmitted them to Mr. Kerley and Rubber Teck or Green and Kyle or Green Rubber and Machine Works, or whether he voluntarily supplied all the information here, if it is a question of stealing and transmitting.

The Court: As far as I am concerned, unless you can show something to the contrary, I am going to assume Mr. Gross was working for Rohr, and whatever Mr. Gross did, he did it for Rohr. He didn't do it as an individual. He did it for Rohr.

Mr. Miller: If we will assume that, that's all right. That will eliminate this stealing by Gross.

Mr. Fulwider: That has been the basis for all the questions asked, that all of the actions taken by Mr. Gross in connection with the Lock-O-Seal were taken as director of research for the Rohr Aircraft Company. That will continue to be the basis for the questions. Sometimes I refer to Gross specifically for clarity, but when I do, unless I mention otherwise, it will be as a representative of Rohr.

Mr. Miller: Then can we eliminate that now? You do not contend that Gross stole some of the trade secrets or information of Rohr and transmitted them and that the defendants are now using the stolen secrets.

Mr. Fulwider: Why, of course not.

Mr. Miller: All right.

Mr. Fulwider: We have never had any such contention or idea.

Mr. Miller: I just wanted to have that elim-

(Testimony of Joe Kerley.)

inated. We don't have to worry about that any more.

Mr. Fulwider: I didn't know you were worrying about [378] it.

Mr. Miller: We don't know all your contentions on this trade thing.

* * * * *

Direct Examination—(Resumed) * * * * *

Mr. Williams: I made the objection that it was too indefinite as to the period.

The Court: Overruled.

Q. (By Mr. Fulwider): Do you understand the question, Mr. Kerley? A. Yes, sir.

Q. Would you answer it, please?

A. Yes, we received some data sheets on different sizes. I wouldn't say that they were definite—I would say there could be some changes or would be some changes made later.

Q. Now I call your attention to Exhibit 1, which bears the name of Rohr Aircraft Corporation at the top and the notation "Report No. 347-D." Is that typical, Mr. Kerley, of the [379] data sheets, and you note it does include a little sketch at the top, that you received from time to time from Rohr during the period prior to the date of this report which I think is in 1949? What is the date of it? Yes, May, 1949.

Mr. Miller: I am going to object to the question as being typical. As far as I know, that is the only data sheet.

The Court: Overruled.

The Witness: Well——

(Testimony of Joe Kerley.)

The Court: You can answer that yes or no and then explain your answer.

The Witness: No.

Q. (By Mr. Fulwider): The answer is what?

A. The answer was no. Now may I explain the answer?

The Court: Yes.

The Witness: I would say that there would be some typical of this. Then there would be others that didn't show near as many sizes or might call out specific dimensions subject to a change of the dimensions if the manufacturer thought it should be changed for manufacturing purposes or for better seals or to better meet the requirements of the people that were buying the parts.

Q. (By Mr. Fulwider): As I understand, your answer is no because there were other sheets that had less sizes and differently gotten up than this Exhibit 1? [380]

A. Now, what I meant by that——

Mr. Williams: I think the witness answered the question, counsel.

The Court: Just a minute. He is explaining. Go ahead. What was it you meant by that? Go ahead.

The Witness: If I understand typical right, I would construe that to mean all data sheets were the same sheet. Am I right there?

Q. (By Mr. Fulwider): I did not mean typical to mean all the data sheets you obtained were like this. Let me ask you this way. You did obtain

(Testimony of Joe Kerley.)

other data sheets similar to this Exhibit 1, did you not, prior to May, 1949, the date of Exhibit 1?

A. Yes. There might be sketches of one size, two, three sizes.

Q. And these documents you were speaking of a minute ago were received by you—when I say you, I mean Rubber Teck—from either Rohr Company or the Wolfe Company in 1948 and 1949, were they not?

A. Yes. They might come from either company.

Q. Now, with respect to Exhibit 1, we have a letter, Exhibit 2, dated June 1, 1949, addressed to Rubber Teck, Attention Mr. Joe Kerley, from the Franklin C. Wolfe Company, and stating in part:

“I am enclosing a copy of Rohr Report No. 347-D, [381] the latest 200 series Lock-O-Seal specifications.”

That refers to this Exhibit 1, does it not, 347-D?

A. Where is that?

Q. (Indicating.) A. Yes.

Q. In other words, Exhibit 2 is the letter of transmittal for Exhibit 1. Will you look at it?

A. Well, he refers to this as a report. I would refer to it as a data sheet.

Q. I would, too, although it does carry a notation at the top, “Report No.”

A. Yes, it does.

Q. It is sort of written on report paper, I take it? A. Yes, sir.

Q. I notice that Exhibit 2 mentions or makes

(Testimony of Joe Kerley.)

this statement, "This is as a result of a further experimental work that Bert Gross has been doing in connection with facilitating the production of retainers, etc."

I take it you were familiar with that experimental work mentioned by Mr. Wolfe in this letter, were you not?

A. You are speaking of retainers there. Do you mean the metal washer?

Q. Yes, the Lock-O-Seal as a whole.

Mr. Williams: May I take the witness on voir dire again, please? [382]

The Court: All right.

Voir Dire Examination

Q. (By Mr. Williams): Mr. Kerley, do you have an independent recollection of ever having received that particular letter?

A. Well, I am assuming I received it. I have no definite recollection.

Q. You have no definite recollection of having received the letter or having read it before?

A. No, sir.

Q. I call your attention to Exhibit No. 1, which you referred to as a data sheet. Do you have any independent recollection of ever having seen the original of that data sheet before?

A. No definite recollection, no, sir.

Direct Examination—(Resumed)

Q. (By Mr. Fulwider): Now, Mr. Kerley, you

(Testimony of Joe Kerley.)

remember you had your deposition taken in this case on Tuesday, May 29, 1956, at our office?

A. Yes, sir.

Q. I will show you the deposition so you will have it.

Mr. Miller: What page is it? [383]

Mr. Fulwider: Page 47.

Q. If you will turn to page 47, please, commencing at line 14:

“Q. (By Mr. Lee): Referring now to Plaintiffs’ Exhibit No. 1 and Plaintiffs’ Exhibit No. 2, have you looked at those, Mr. Kerley?

“A. Yes.

“Q. Do you recall seeing Plaintiff’s Exhibit 2 before you, Mr. Kerley?

“A. I would say yes.

“Q. You received a copy of that letter?

“A. Yes.”

Did you so testify in the deposition?

Mr. Miller: I will stipulate that he did and the witness is perfectly willing to assume he received these now, as I understand the deposition.

Mr. Fulwider: That was my understanding a little earlier.

Will you stipulate he did receive Exhibits 1 and 2 as he testified in his deposition?

Mr. Miller: He says he merely has no definite recollection, but he assumes he did receive them.

Q. (By Mr. Fulwider): Then there is the further question on page 47 of the deposition:

“Did you receive a copy of Exhibit 1 that day?

(Testimony of Joe Kerley.)

“A. I wouldn’t say whether it was with it or not, but I have seen it before.”

Did you so testify? A. Yes, sir.

Mr. Miller: I will stipulate that he did.

Q. (By Mr. Fulwider): Now, did you receive other data sheets from either the Rohr Company or the Wolfe Company subsequent to receiving this Exhibit No. 1?

A. Yes. I am reasonably sure that we did.

Q. During the period 1947, or from the middle of 1947, say, 1948, 1949 and 1950, there were also changes in the specifications of the rubber, were there not, for the Lock-O-Seals?

A. Yes. There was changes in the material. There was quite a number of times when there was experimental work on different batches of material to try to improve it. [385]

* * * * *

Q. During that period from 1947 through 1950 in connection with the development work that was being done by the Rohr Company and the manufacturing of Lock-O-Seals by Rubber Teck, you had numerous meetings and conversations with Mr. Gross, did you not?

A. I wouldn’t say numerous. There was quite a few.

Q. Approximately how often would you say that you met with Mr. Gross during the year 1947, approximately? When I say 1947, that is actually the last half of 1947.

A. The last half of 1947?

(Testimony of Joe Kerley.)

Mr. Williams: What is the question, counsel?

Mr. Fulwider: Make it the second half of 1947.

The Witness: You want to know how often or how many times?

Q. (By Mr. Fulwider): Well, either way, whichever is easier for you to say, about every so often or so many times in a year. It comes out the same.

A. I will say an average of every six weeks to two months.

Q. Would that be the same in 1948?

A. I would judge about the same.

Q. 1949?

A. I believe around 1949 to 1950 it seems as if the frequency of these discussions dropped off to some extent.

Q. Approximately how often would you say you had occasion to meet with Mr. Gross during the years 1949 and 1950?

A. If I remember right, in 1949 and 1950, it could have been a period of two to four months in there at times.

Q. Did you ever talk to him——

A. I am speaking of personal discussion.

Q. Yes. Did you ever talk to him on the telephone in between the personal meetings?

A. There could have been some telephone conversations in there.

Q. As a matter of fact, you probably did talk to him. A. I probably did.

Q. How about the years 1951, 1952 and 1953?

(Testimony of Joe Kerley.)

You continued to see Mr. Gross from time to time, did you not?

A. Yes, but maybe not quite as often. I can explain that, if you like.

Q. All right.

A. Along in that time most of Mr. Gross' work would have [387] been done with the Wolfe Company. He probably had more cause to contact the Wolfe Company than he did Rubber Teck direct, maybe.

* * * * *

Q. (By Mr. Fulwider): I call your attention, Mr. Kerley, [388] to Plaintiffs' Exhibit 17, which is entitled "Manufacturing and License Agreement," dated 29 November, 1948, but is unsigned. Do you have the original of that?

A. No, sir. That is, if I do, I can't find it.

* * * * *

The Court: May I ask a question?

Mr. Fulwider: Yes.

The Court: Did you ever see a contract that was signed? Did you ever see a copy of that contract that was signed?

The Witness: Yes, sir, I have seen this contract or a copy of it.

The Court: And it was signed by the parties, was it?

The Witness: Your Honor, I just can't remember. I have been trying to think. I just can't remember whether this contract was signed or not.

Mr. Miller: I don't think there will be very

(Testimony of Joe Kerley.)

much of a serious dispute about it, whether it was signed or unsigned. Apparently the parties for a period of time worked as if that contract was signed and assigned to Rubber Teck, or at least Rubber Teck was operating as if it were in effect, [389] or a gentlemen's agreement, or something of that character. So I don't think there will be very much of a dispute on the signing or unsigned of that.

The Court: May I see it?

The Witness: Yes, sir.

Mr. Fulwider: I might say Mr. Miller's statement is substantially in accordance with my understanding. Perhaps we might put it in the form of a stipulation. We can stipulate to it and avoid some of the questions I was going to ask.

Mr. Miller: Those are the facts, as I understand it, as I stated.

Mr. Fulwider: That is my understanding.

Mr. Williams: We will stipulate that the terms and provisions of the unsigned—at least we assume it is an unsigned contract, which you have before you, were abided by Rubber Teck and by Wolfe in the subsequent manufacture of this product by Rubber Teck. [390]

* * * * *

Q. (By Mr. Fulwider): You were aware of the fact that Franklin C. Wolfe Company took over the sale of the Lock-O-Seals, were you not?

A. From Rohr Aircraft?

Q. Yes. A. Yes.

(Testimony of Joe Kerley.)

Q. That is, Franklin C. Wolfe sold the Lock-O-Seals that first Green Rubber and then Rubber Teck manufactured? A. I believe that's right.

Q. Can you tell me from your own knowledge about when that was?

A. You mean when they first took over sales?

Q. Yes.

A. No, sir, I couldn't tell you. I couldn't give you a date on that at all. They may have sold, I don't say they didn't, while Industrial Specialties was still in the picture, but I don't have too much recollection of that. [392]

* * * * *

The Court: No. Let me ask a question. Let me see if I understand this. Exhibit 17 is an agreement between Wolfe Company and Kerley. I understand that either the agreement was assigned to Rubber Teck or Rubber Teck acted as if it had an assignment of this agreement and operated under this agreement for a certain length of time.

Mr. Miller: That's right.

The Court: For how long a period was that, do you know?

Mr. Miller: Until it broke off in——

Mr. Fulwider: 1954, I believe.

Mr. Williams: Why don't you ask the witness the question.

Mr. Miller: It was until several years after 1950. The exact date, I don't know.

The Court: Do you remember how long Rubber Teck acted under this agreement?

(Testimony of Joe Kerley.)

The Witness: Yes, sir. It was from the time it was made until—I know it took in 1953. Actually, we were not manufacturing too many, if any, in 1954, just before I left there, just before I left Rubber Teck.

Q. (By Mr. Fulwider): At least through 1953.

The Court: Now, do you know of your own knowledge the reason why Rubber Teck discontinued operating under this [393] agreement?

The Witness: Well, I have no proof of it, your Honor, but——

The Court: I don't want you to speculate. I said do you know the reason why they ceased to operate under this agreement? Do you know when they ceased to operate under the agreement? You say 1953 or sometime early in 1954?

The Witness: 1954.

The Court: Were you connected with Rubber Teck when they ceased to operate under the agreement?

The Witness: Yes, but I don't remember the exact date when they ceased to operate under it.

The Court: All right, but you were connected with Rubber Teck.

The Witness: Yes, sir.

The Court: Were you on the board of directors then?

The Witness: Yes.

The Court: Why did they cease to operate then? As a member of the board of directors, you can tell me.

(Testimony of Joe Kerley.)

The Witness: I can only tell you what my assumption is on it, that we just didn't get any more orders. They kept cutting the orders down with us and gradually taking over the full manufacture themselves.

The Court: Who took over the full manufacturing?

The Witness: Franklin C. Wolfe. [394]

The Court: May I inquire, did you get all your orders from Franklin C. Wolfe so that you didn't go out and solicit any work for yourself?

The Witness: As to the sale or manufacture of Lock-O-Seals?

The Court: Yes.

The Witness: No, sir. The only time we went out, I wouldn't call it soliciting, was when we might have to go out to help in the development of sizes or trouble that they might be having in one of the airplane factories.

The Court: Did I see somewhere in the agreement a provision that you were to only make these seals for Franklin C. Wolfe Company?

The Witness: I think you did, your Honor.

Mr. Fulwider: Yes, your Honor. It is on page 2.

The Court: Then you were to only make the seals for Franklin C. Wolfe Company.

The Witness: That's right.

The Court: And the reason you ceased to operate is because Franklin C. Wolfe Company didn't give you any orders, is that your impression of it?

(Testimony of Joe Kerley.)

The Witness: That is my strong impression.

Q. (By Mr. Fulwider): It is a fact, is it not, Mr. Kerley, that Rubber Teck was supplying all of the rubber rings for all of the Lock-O-Seals sold by Franklin C. Wolfe Company [395] up until after Rubber Teck came on the market with the Duo-Seal?

A. I don't believe that is quite right. We were supposed to under the agreement, the way I understood the agreement, but the Franklin C. Wolfe Company did make some of their own rings for Lock-O-Seals.

Q. For Lock-O-Seals. They were making their own Stat-O-Seals. Did that ever happen on more than one occasion when you got a terrifically large order from the government and you, Rubber Teck, and Wolfe each agreed that they would each supply part of the order? A. That's right.

Q. Was there ever any other instance that you know of where Wolfe Company made its own rings for the Lock-O-Seals it sold until after Rubber Teck had come on the market with the Duo-Seal?

A. I have reasons to believe they did.

Q. But you don't know?

A. I couldn't swear to it.

The Court: May I inquire from the witness, when did you start to make the first Duo-Seals? Do you remember the date you started to make the Duo-Seals?

Mr. Williams: Do you mean for production purposes or experimental purposes, or what?

(Testimony of Joe Kerley.)

The Court: We have got a company that is engaged [396] in the manufacturing of these seals. The witness says he ceased to make the seals, ceased to operate under the contract because he wasn't getting any orders. I assume when he started to make the other seals. When was that? Was it at the time they ceased to operate or before they ceased to operate?

Mr. Williams: He has asked the question. Mr. Kerley is an individual defendant here and he severed relations with Rubber Teck July 31, 1954. That is why I want this time, because there was a time when he wouldn't know.

The Court: I will restrict my question to prior to July, 1954. Do you know when Rubber Teck started to make its own seals?

The Witness: I would say either around the first of 1954, but not in production, your Honor.

The Court: What do you mean? Experimentation?

The Witness: Experimental parts, that is to the best of my knowledge.

The Court: Experimentation was in the early part of 1954?

The Witness: Yes, sir, to the best of my knowledge.

The Court: And when did production start?

The Witness: Your Honor, I can't tell you, because there was no production up until the time I left there in July, 1954. [397]

(Testimony of Joe Kerley.)

The Court: All right. It was after July, 1954, the production.

The Witness: Yes, sir, in any quantity to speak of at all.

The Court: All right.

Q. (By Mr. Fulwider): When you say there was no production until after you left, you mean that there were not very many sales.

A. That's right.

Q. That is, the volume of sales up until you left in July was relatively small.

A. Very small.

Q. Perhaps this will tend to fix this date somewhat. I show you Plaintiffs' Exhibit 11, being a letter dated November 20, 1953, addressed to Fletcher Aviation Corporation, and indicating that it was sent by George R. Aldridge, chief engineer of Rubber Teck, but unsigned.

Can you tell me whether or not that letter went to Fletcher?

A. No, sir. Again I would have to assume it.

Q. But you have seen the file copy of that letter in the Rubber Teck files, haven't you?

A. Let's say I have seen the contents similar to this. I couldn't say for sure whether I have seen this particular letter or not. [398]

Q. You saw a copy of a letter in the files of Rubber Teck that you recall was either this letter or one practically the same, is that what you are trying to say?

A. Yes, I believe I have.

Q. Now, calling your attention to the fact that

(Testimony of Joe Kerley.)

the letter, Exhibit 20, states in the first line as follows——

Mr. Williams: Your Honor please, this is admitted in evidence.

Mr. Fulwider: It is just marked so far.

Mr. Williams: Just marked?

Mr. Fulwider: Yes.

Mr. Williams: Are you offering it in evidence? It has been identified.

Mr. Fulwider: I might as well at this time, I think, offer it in evidence. There is no question about it.

The Court: It may be received.

The Clerk: Exhibit 11.

(The document heretofore marked Plaintiffs' Exhibit 11 was received in evidence.)

[See page 744.]

Mr. Fulwider: I believe I forgot to offer Exhibit 2 in evidence, which I would like to offer at this time.

The Court: Exhibit 2 in evidence.

The Clerk: Exhibit 2.

(The document heretofore marked Plaintiffs' Exhibit 2 was received in evidence.)

[See page 742.]

Q. (By Mr. Fulwider): The first sentence of this letter, Exhibit 11, addressed to Fletcher Aviation, states:

“As you know from your conversation with Mr. Kerley, we are now in the position to offer Duo-Seals in the very near future.”

(Testimony of Joe Kerley.)

Do you recall that you had some conversations with Mr. Paul Reischauer of Fletcher shortly before this letter, November 20th?

A. Yes, sir, I remember.

Q. How many conversations did you have?

A. You are referring to the conversations on Duo-Seals now?

Q. Yes, with Mr. Reischauer concerning Duo-Seals.

A. I don't remember. I know of one particularly and I am pretty sure there was two or three more.

Q. Did you ever have any conversations with Mr. Reischauer concerning one-piece Lock-O-Seals?

A. Not as a one-piece Lock-O-Seal brought out and specifically called one-piece Lock-O-Seal do I remember.

Q. Let's take the one conversation that you remember. Where was that conversation had?

A. At Fletcher Aviation.

Q. At Fletcher? A. That's right.

Q. Approximately when was that? [400]

A. Well, I would say in the latter part of 1953.

Q. This letter, Exhibit 11, is dated November 20, I believe. How long prior to that letter would you say you had this conversation with Mr. Reischauer that is referred to in the letter?

A. That would be hard for me to say, Mr. Fulwider. I just couldn't pin it down too close.

Q. I assume it would be a matter of weeks, is that correct?

(Testimony of Joe Kerley.)

Mr. Williams: If your Honor please, the witness has answered the best he can.

The Court: Sustained.

Q. (By Mr. Fulwider): Who was present at the conversation that you had with Mr. Reischauer prior to the letter, Exhibit 11, where you discussed Duo-Seals?

A. Well, as well as I remember, I don't remember anyone but Mr. Reischauer and myself.

Q. At the time you had that conversation with Mr. Reischauer, had the name "Duo-Seal" been chosen for this product that Rubber Teck was going to put out?

A. Had the name "Duo-Seal" been chosen?

Q. Yes.

A. No, sir, not to my knowledge.

Q. In other words, when you talked to Mr. Reischauer in the conversation referred to in Exhibit 11, the name "Duo-Seal" [401] had not yet been chosen by Rubber Teck to describe the product that you discussed with Mr. Reischauer?

A. At the time of this letter?

Q. Yes, or your conversation referred to in that letter.

A. I just can't answer that truthfully. I don't know.

Q. What in substance did you say to Mr. Reischauer and what did he say to you in this conversation we are discussing that you have testified about?

A. Well, what brought up the discussion, if I

(Testimony of Joe Kerley.)

might take it in a round-about way, was at that particular time they were using the two-piece Lock-O-Seal.

Q. That is, Fletcher was using the two-piece Lock-O-Seal?

A. Yes, sir, and there was an Army inspector stationed at Fletcher at that particular time. They were making parts for the Air Force.

Q. What year was this? Can you fix this at all as to the year, at least?

Mr. Williams: 1953, he said.

The Witness: Yes, prior to the time of this conversation or about the date of the conversation.

Q. (By Mr. Fulwider): The conversation, at least we know, was in 1953. A. Yes, sir.

Q. All right. [402]

A. And they had a little bit of a problem there where the seal had to go, getting it in place. The Army inspector had been complaining in a small way that they were dropping—as they dropped the seal, the rubber ring would come out of the metal container and possibly—the rubber ring would not get crossways, because it fits the bolt, but the retainer, being loose from the ring, might slide over to one side of the O.D. of the bolt and in torquing it would not cut the rubber ring, and Mr. Reischauer was very concerned over it, if I remember right. He wanted to know if it could be a one piece that would stay together for possibly a specific application or even on an ordinary

(Testimony of Joe Kerley.)

application, so there was no losing of one piece from the other.

Does that answer the question?

Q. Yes, partly. This conversation was in the latter part of 1953, I believe that is what you said. I wasn't exactly clear.

A. I believe I answered that by saying I couldn't pin it down to any certain date. I am reasonably sure it was in 1953, but it was before this letter, I am sure. It had to be before this letter.

Q. Was there more than one such conversation prior to the date of the letter, Exhibit 11, with Mr. Reischauer?

A. Well, I said, Mr. Fulwider, I knew possibly of one and there could have been two or three others. [403]

Q. This one you are testifying to is the substance of the first conversation you had with Reischauer on this problem?

A. As I say, one is all I remember.

Q. Yes.

A. Probably his idea or his request, or whatever you might want to call it, or wondering if one could be made that way.

Q. Did you take any steps following that conversation with Mr. Reischauer to make a one-piece seal?

A. Yes. I at that time contacted, I am pretty sure, Mr. Smith.

Mr. Williams: Identify Mr. Smith.

(Testimony of Joe Kerley.)

The Witness: Yes.

Mr. Williams: Identify Mr. Smith to his Honor.

The Witness: Mr. Smith is connected with Franklin C. Wolfe Company.

Q. (By Mr. Fulwider): Mr. Paul Smith?

A. Mr. Paul Smith.

Mr. Miller: Is he here in the courtroom?

The Witness: Yes, sir.

Mr. Miller: Will you point him out?

The Witness: Sitting to the right in the blue suit. If I remember correctly, the conversation we had at that time was to try, or I asked him if they wouldn't like to have a one-piece seal to satisfy the customers. We were all interested [404] in satisfying the customers and bettering business.

Mr. Smith told me at that time that a one-piece seal wouldn't work, that the two-piece Lock-O-Seal, as it was known then, was already advertised and on the market, and why jeopardize it with another item on the market? Maybe that is not the exact words, but words to that effect.

I understood he would turn it down flat, didn't want anything to do with it.

Q. (By Mr. Fulwider): Did Rubber Teck then take any steps pursuant to Mr. Reischauer's request to design a one-piece seal?

A. Not immediately, no, sir.

Q. Approximately when did Rubber Teck start design or development of its one-piece seal, which subsequently became Duo-Seal?

A. I would say several months later.

(Testimony of Joe Kerley.)

The Court: Several months later than this conversation with Mr. Smith?

The Witness: What I meant was several months later after talking to Mr. Reischauer, is the way I understood the question, your Honor.

The Court: Mr. Reischauer?

The Witness: Yes, sir. It could have been a shorter period than that.

Q. (By Mr. Fulwider): What was done by Rubber Teck to [405] develop the one-piece seal which became the Duo-Seal following this conversation with Reischauer?

A. Now we are getting out to where I stipulated one conversation and thought there could be several others. As I go back, I believe there was another one. I believe Mr. Reischauer asked again if we could get hold of some for a trial.

Q. Did you then submit some one-piece seals to Mr. Reischauer for trial or test?

A. Yes, sir, and at the time we submitted them, we told the Franklin C. Wolfe Company that we were submitting them because Mr. Reischauer had asked for them again.

Q. Were those submitted shortly before this letter, Exhibit 11?

A. Well, it must have been sometime before this letter, as well as I remember, because at the time, if I remember right, that they were submitted, we had no facilities, I am speaking of the time now of the conversation with Mr. Reischauer, we had no facilities.

(Testimony of Joe Kerley.)

Q. For what? A. For producing.

Mr. Williams: The one-piece seal?

The Witness: The one-piece.

Q. (By Mr. Fulwider): But as of the time of this letter, Exhibit 11, what had you done towards producing or being in a [406] position to produce one-piece seals?

A. To the best of my recollection, nothing, with the exception of maybe some experimental tooling.

Q. That is perhaps single-cavity molds to make up the seals that you sent over to Mr. Reischauer?

A. Yes. As I say, that is to the best of my recollection.

Q. Approximately when were these one-piece seals sent over to Mr. Reischauer for test or trial, having in mind the date of that letter, Exhibit 11?

A. Well, I would say, again it is vague, but I would say from two to three months, and possibly a little shorter time, possibly a little longer, than the date of this letter, before the date of this letter.

Q. Do you know who took the samples over to Fletcher, Mr. Reischauer of Fletcher Aviation, of the Rubber Teck one-piece seal?

A. Yes, sir. I am sure I took them myself.

The Court: May I see the letter?

The Witness: Yes, sir.

Q. (By Mr. Fulwider): Do you have any recollection as to about how many samples you took over to him at that time?

A. Very few, five or six or a dozen at the most.

(Testimony of Joe Kerley.)

Q. Did Fletcher Aviation run any tests on these samples that you took to them? [407]

A. I didn't see them run the test. I understand they did.

Q. Did they render to you a report or a letter concerning the results of these tests?

A. I don't believe they gave us a report or a letter. I did have conversation on it later with Mr. Reischauer.

Q. Approximately when was that conversation?

A. Well, I stated it could have been two or three months, a little less or a little more, before the date of this letter, and the conversation would have been a very few days after the testing was run.

Also, I might add that the reports of that test was transferred to the Franklin C. Wolfe Company.

Q. I couldn't hear that.

A. I might add that the results of that test, word of mouth, was also transferred to the Franklin C. Wolfe Company.

Q. To whom in the Franklin C. Wolfe Company did you transmit the results of the Reischauer tests?

A. Well, again, I am sure it was Mr. Paul Smith. Most of the conversation of that style or nature was carried on with Mr. Smith.

Q. You had, I take it, frequent conversations with Mr. Smith during that period of time, 1950, 1951, 1952, 1953?

(Testimony of Joe Kerley.)

A. There was a considerable amount of cooperation between the two companies. [408]

Q. Can you tell me how these one-piece seals that were delivered to Mr. Reischauer were constructed?

A. I can give it to you in a general way, Mr. Fulwider. It is bonded to the—the rubber seal is bonded to the metal retainer.

Q. Can you tell me the shape of the internal periphery of the metal washer in those samples? In other words, was it a flat inside face as in the Duo-Seal today, or was it different from today's Duo-Seal?

A. You mean the i.d. of the washer?

Q. Yes. A. Of the metal washer?

Q. Yes. A. It would be a flat face.

Q. So that the sample you took to Mr. Reischauer prior to this letter of November 20th were made exactly like the Duo-Seals today?

A. I can't answer that truthfully, sir. I would just be assuming.

Q. Let me modify the question. Were the Duo-Seals that were being made by Rubber Teck at the time you left Rubber Teck constructed in the same way, that is, were they identical with the Duo-Seals which you took over to Mr. Reischauer for test?

A. I wouldn't swear to the fact that they were identical. [409] Our tooling man could tell you more about that than I could, because he would have closer contact to it.

(Testimony of Joe Kerley.)

Q. But at least they were identical, as far as the i.d. of the washer went?

A. The i.d. of the metal washer?

Q. Yes.

A. No. Mr. Fulwider, they could have been—I don't say it was, but it could have been changed.

Q. In other words, you are not certain, then, as to the i.d. of the washer in the one-piece seals you took to Mr. Reischauer?

A. No. When you first put out a sample part, although it seems to work perfect, there might be a few changes to be made in it that the tooling man could see where he could make the tooling better or a little different configuration. I don't say it was. I say it could be.

Q. The tooling for these seals was made by Mr. Grass, I take it?

A. Yes, sir.

Q. Otto Grass?

A. Yes, sir.

The Court: The O rings that you used in these samples, were they the same as the O rings that were used when you made the seals for Wolfe & Company?

The Witness: No, sir. [410]

The Court: What was the difference?

The Witness: It was not an O ring, your Honor, as you construe an O ring here, that is, as I construe an O ring, pardon me, because when this part is molded, your rubber goes more in a mass. It is formed into the metal container and the cavity of your mold is what forms the rubber into the retainer.

(Testimony of Joe Kerley.)

The Court: But in this letter of November 20, 1953, which is Exhibit 11, you say that, "We are also enclosing six copies of price list of various types of O rings which can be supplied by Rubber Teck for your production usage."

The Witness: Yes, sir, but you see——

The Court: Is that the same kind of an O ring you had been using in the making of the seal for the Wolfe Company?

The Witness: Well, your Honor, we supplied Fletcher with a lot of O rings that were used in Lock-O-Seals.

The Court: You did?

The Witness: Yes, sir.

The Court: Then this doesn't offer to them O rings used in this seal of yours.

The Witness: No, sir. We wouldn't have been quoting Fletcher prices on O rings used in Lock-O-Seals.

The Court: What was the difference between the rings that you used in the one-piece seal and the rings that [411] were used in the two-piece seal? Was there any difference at all?

The Witness: Your Honor, I am sorry, but I don't believe I quite get you.

The Court: Let's assume that before the O ring was bonded to the metal washer——

The Witness: Yes, sir.

The Court: ——was that exactly the same sort of an O ring that was used in the seal as manufactured by Wolfe & Company?

(Testimony of Joe Kerley.)

The Witness: I must be awfully dumb or something, but I can't get the connection.

Mr. Miller: If you are trying to test this out with the witness, your question is confusing.

The Court: It may be that I am confused.

The Witness: I will be glad to answer if I can understand the question.

The Court: Let me see the plaintiffs' O ring, the plaintiffs' seal. Now, while you were making seals for Wolfe & Company, you used an O ring similar to the O ring in 81, didn't you?

The Witness: Yes, sir.

The Court: When you commenced to bind or to cement or to fuse, whatever you did, the O ring to the metal washer, did you use this same kind of an O ring? [412]

The Witness: No.

The Court: You designed a new O ring, did you?

The Witness: We designed—I wouldn't exactly call it an O ring, your Honor.

The Court: You designed a new rubber ring?

The Witness: That's right, and in the process of manufacturing what we call the Duo-Seal—is that what you are getting at?

The Court: Yes.

The Witness: Your ring is deformed within itself in the mold and it will not come out of there.

The Court: Then you didn't take, you just didn't take one of the O rings you had used in manufacturing the seal for Wolfe & Company and try to attach it to the metal washer, did you?

(Testimony of Joe Kerley.)

The Witness: No, sir. Now, if we are speaking of the ones delivered to Mr. Reischauer of Fletcher Aviation——

The Court: That is what I am speaking of.

The Witness: No, sir, we did not.

The Court: You designed a new inner rubber ring, is that right?

The Witness: Yes. It was designed and it would not come out in the finished product in a completely round section.

The Court: How did it differ from the O ring that was used? [413]

The Witness: May I borrow a pencil there?

The Court: Yes. Go over to the blackboard so everybody can see it.

Mr. Miller: May I straighten out this?

The Court: Yes.

Mr. Miller: You are under the impression——

The Court: I am not under an impression. I am trying to find out what happened.

Mr. Miller: You are asking the witness whether in making the original ring they took a rubber ring, such as the rubber ring you have in Exhibit 81, and put it in a metal container and sealed it with cement or something like that.

The Court: Yes, sir.

Mr. Miller: That isn't the way it was made.

The Witness: We did not.

Mr. Miller: I am trying to help here. That is what has upset the witness. The way the Duo-Seal is made is that you put a metal retainer in a

(Testimony of Joe Kerley.)

mold. That metal retainer only occupies a portion of the mold cavity. Then you fill that mold with rubber. The rubber is shaped by the mold cavity against the interior of the metal retainer and is bonded to it.

The Court: Let me ask the witness a question. I am sorry, but I can't take your statement as evidence.

Mr. Miller: I am trying to clarify it. [414]

The Court: Do I understand when you made these one-piece seals for Fletcher that the inner rubber ring was made inside of the metal ring? You didn't take a rubber ring and then put it in the metal ring.

The Witness: No, sir.

The Court: But you made the rubber ring inside the metal ring.

The Witness: Inside the metal ring at the same time it is bonded. It goes in in a mass and comes out as a form known as the Duo-Seal.

The Court: That is what I am trying to find out.

The Witness: I am sorry that I was a little dumb.

The Court: No. Maybe I was.

Mr. Fulwider: I would like to mention this one exhibit before we break for lunch.

The Court: All right.

Q. (By Mr. Fulwider): Exhibit 10, which is headed "Duo-Seals by Rubber Teck, Data Sheet 1102-D," dated December 18, 1953, Mr. Kerley, that

(Testimony of Joe Kerley.)

is a Rubber Teck data sheet prepared for Duo-Seals, is it not?

A. Yes, sir, I believe it is.

Q. And will you read this notation here in the upper right-hand part as to what it says on the sheet? Read it out loud.

A. The Duo-Seal is a one-piece washer and O ring combination [415] of the O ring permanently bonded to the washer.

Q. I believe there is a legend on the drawing, a little sketch, notation of the ring with an arrow pointing to the rubber ring, is that correct?

A. That's right.

Q. Was that data sheet put out to the trade at about the date it bears?

A. I have no reason to believe it was not, sir.

Q. It is a Rubber Teck data sheet?

A. Yes, sir.

Mr. Fulwider: We would like to offer that in evidence as Exhibit 10.

The Court: It may be received in evidence. What is the number?

The Clerk: Exhibit 10.

(The document heretofore marked Plaintiffs' Exhibit 10 was received in evidence.)

[See Book of Exhibits.] [416]

* * * * *

Mr. Fulwider: In connection with some of these matters we were discussing this morning, I think this would be an appropriate time to read a few of the interrogatories and answers thereto in the rec-

ord that go to these matters of dates and facts. I would like to read Interrogatories 18 and 19, which were answered together. 18 reads as follows:

“Is it the position of the defendants or any of them that the Franklin C. Wolfe Company ever manufactured any rubber parts for the product Lock-O-Seal without the consent of Rubber Teck, Inc. prior to the time that the Duo-Seal product was placed on the market by Rubber Teck?”

19 says:

“If the answer to Interrogatory 18 is in the affirmative, state with particularity when such rubber parts were produced by the Franklin C. Wolfe Company, identify any evidence that the defendants have to support this fact, and state whether or not any discussions were had with any personnel of Franklin C. Wolfe Company concerning such rubber parts.”

The answer is:

“It is quite probable that Kerley consented to [424] Franklin C. Wolfe Company making rubber parts for the Lock-O-Seals for one large order.”

Now, on the matter of when Rubber Teck ceased making parts for Wolfe Company, we have three interrogatories at the end.

“42. State when the development work commenced on the first Duo-Seals as shown in the sketch, Plaintiffs' Exhibit 16, made by Otto R. Grass in his deposition.

“A. Two or three weeks before the letter sent to Fletcher Aviation.

“Interrogatory 43: State when the first models

of the device illustrated in Plaintiffs' Exhibit 16 to the deposition of Otto R. Grass were completed.

"A. Two or three weeks before the letter sent to Fletcher Aviation."

That is Exhibit 11 here, I believe.

"Interrogatory 44: State in detail what documentary evidence the defendants have to support the dates alleged in answer to Interrogatories 42 and 43, and state the substance thereof or attach copies to the answer.

"A. There are none."

Then there is one more interrogatory.

"No. 7: When did Rubber Teck, Inc. discontinue [425] the manufacturing of rubber parts for Lock-O-Seals as evidenced by the records referred to on page 39, line 25, of the deposition of Paul A. Karres?

"A. Approximately April 16, 1954."

I offer those at this time as admissions on behalf of the defendants. They were signed by Mr. Karres, I believe, on behalf of all defendants.

The Court: They may be received.

JOE KERLEY

called as a witness on behalf of the plaintiffs, having been previously duly sworn, resumed the stand and testified further as follows:

Direct Examination—(Continued)

Q. (By Mr. Fulwider): Now, Mr. Kerley, during the entire period which Rubber Teck was manufacturing Lock-O-Seals for the Wolfe Company, the Rohr Company, Mr. Gross for the Rohr Com-

(Testimony of Joe Kerley.)

pany, made tests from time to time and issued reports thereof, did he not? A. Yes, sir.

Q. And I believe you saw various of these reports, did you? A. Yes. [426]

Q. Calling your attention to Exhibit 6 and Exhibit 18, I call your attention first to Exhibit 6, which purports to be a letter from Mr. Gross of Rohr to you at Rubber Teek. Will you just read that, please, and then take a look at Exhibit 18?

Did you receive that letter, Exhibit 6?

A. Yes, I did.

Q. The report, Exhibit 18, I believe was enclosed with the letter, Exhibit 6. You have seen that report, have you not?

A. Yes, sir, I have seen that.

Q. Do you recall discussing that report or the contents of it with Mr. Gross at Rohr?

A. I don't—I could have, but I don't recall doing so.

Q. You are familiar with the various tests that are reported in Exhibit 18, are you not?

A. You mean would I know how to run them myself?

Q. You know what they mean, what that part of the report is describing and referring to?

A. Yes, I could read it over and tell you what tests they went through.

Q. That is, you know how the aging tests are conducted? A. Yes, sir.

Q. And the fuel resistance test?

A. Yes, sir.

(Testimony of Joe Kerley.)

Q. And the tensile strength test? [427]

A. Yes.

Q. The tear and hardness test? A. Yes.

Q. The same with their specific gravity test?

A. Yes.

Q. And temperature, flexibility? A. Yes.

Q. Resilience test? A. Yes.

Q. Firm and set test? A. Yes, sir.

Q. I believe those are all of the tests that that report indicates were done by Rohr. I think that report pertains to rubber denominated RT-1007 in the use of Lock-O-Seals, does it not?

A. Yes, it refers to RT-1007.

Q. Did you know about most of the reports Mr. Gross prepared on Lock-O-Seals and components thereof?

A. I don't think I would know of most of them. I believe a lot of them would have been distributed to other companies besides our own.

Q. But they found their way to Rubber Teck eventually, didn't they?

A. I wouldn't say that, sir, not the ones distributed to someone else besides our company. They wouldn't have found [428] their way there.

Q. Is it a fair statement to say you knew the more important tests made by Rohr Company?

Mr. Miller: Your Honor, I don't see how he could answer that. What are the more important ones?

The Court: Sustained.

Q. (By Mr. Fulwider): Let me ask you the

(Testimony of Joe Kerley.)

question this way. Exhibit 18 is typical of other reports received by you or seen by you which originated with Rohr, is it not?

Mr. Miller: I am going to object to the question as too indefinite. Typical of other reports?

Mr. Fulwider: I would like to save going down the list.

Mr. Miller: The excuse of saving time, I don't believe is a valid one here at all. If there are some reports he is supposed to have seen, we would like to see them, too, but this general blanket question as to the typical reports of which we have no knowledge, I don't believe the witness should be called upon to answer.

The Court: Overruled. You may answer.

Q. (By Mr. Fulwider): Answer the question.

A. I would like for you to put it to me once more.

The Court: Read the question.

(Question read.)

The Witness: We did receive other reports. I [429] wouldn't say exactly like this one.

Q. (By Mr. Fulwider): But generally similar, I mean covering various tests. A. No. [430]

* * * * *

Q. (By Mr. Fulwider): I call your attention to page 69 of your deposition, commencing at line 23:

"Q. Wasn't it your general policy to discuss all the tests with Mr. Gross and people of the Wolfe Company, the results of the tests?

(Testimony of Joe Kerley.)

“A. There were some tests that we did not discuss, but the more important ones, I would say we would. I wouldn’t say all the tests were discussed.”

Mr. Williams: Finish the reading.

Mr. Fulwider: “To any extent.”

Q. Did you so testify, Mr. Kerley?

A. I would answer that the way I did in my deposition.

Mr. Miller: I will stipulate he did.

Q. (By Mr. Fulwider): And were those statements that you made at the deposition correct?

A. To the best of my recollection, yes.

Mr. Fulwider: Now, may I have Exhibit 20?

Q. Do you recognize this report, Exhibit 20? You have seen that before, have you not?

A. I am not too sure. Could I take a little more time here? I believe I have. It isn’t too familiar with me, though.

Q. Do you recall having discussed with Mr. Gross and with personnel of Wolfe Company this report?

A. No, I don’t believe I recall this particular report. [431] For one thing, channel sealing was nothing we had anything whatever to do with, which you do mention it in this report.

Q. I call your attention to page 70 of your deposition, line 22:

“Q. (By Mr. Lee): Referring to Exhibit 20, Mr. Kerley, do you recall ever seeing that before?

“A. Yes, I have seen that.

(Testimony of Joe Kerley.)

“Q. And did you discuss it with Mr. Gross and people at the Wolfe Company?

“A. Yes, part of it had nothing to do with Lock-O-Seal.

“Q. But you did discuss it? “A. Yes.”

Did you so testify?

A. Yes, I did.

Q. Was that statement that you made in the deposition which I have just read correct?

A. Well, I believe it is. I have seen quite a few reports. It is hard to pin it right down to one report and make sure I have looked it over and discussed it.

Q. Will you take a look at Exhibit 3, which is a group of reports? I believe you are familiar with those reports, aren't you?

A. Yes, sir, I am familiar with this type of report, but I am not familiar with Wolfe Company's compound RT-213, because [432] that was a Rubber Teck compound.

Q. You say it was or was not?

A. It was a Rubber Teck compound.

Q. You say you are not familiar—I missed a point somehow. May I have that answer?

(Answer read.)

Q. You mean it was a compound used by Rubber Teck in making Lock-O-Seals?

A. No, sir, not necessarily. There might have been some made out of it, but it was a compound we used in other items, too, if I remember right.

(Testimony of Joe Kerley.)

Q. Those reports in Exhibit 3 are all Rohr Company reports, aren't they?

A. Yes, sir, I believe so. I haven't got down to the bottom yet, but I would say they were.

Q. I believe most of them do not pertain to Lock-O-Seals, do they?

A. I don't believe most of them do. I would have to take a little time to study them to make a definite answer.

Q. Put it this way. Those reports that do not pertain to Lock-O-Seals are reports of tests run by Rohr for Rubber Teck.

A. Could I have that again, please?

Mr. Fulwider: Read the question.

(Question read.) [433]

The Witness: Yes, sir.

Q. (By Mr. Fulwider): And those are run at your request, I assume?

A. They could have been run at Rubber Teck's request, or there was a time when Mr. Gross would call, he might want a certain size of ring run, if we had that particular mold, for a test that he wanted for his own satisfaction at Rohr Aircraft's lab.

Q. Referring to Exhibit 13, do you recall this letter, Exhibit 13, which is written on Wright Air Development Center Station stationery, directed to Rubber Teck Sales and Service?

Mr. Miller: What is the date of the letter?

Mr. Fulwider: What is it?

The Witness: March 11, 1954.

Q. (By Mr. Fulwider): I call your attention

(Testimony of Joe Kerley.)

to Exhibits 4 and 5, which are reports from Rohr Aircraft Company. Exhibit 4 is dated 3-13-52 and Exhibit 5 is dated 3-17-53. Will you look at the numbers of these two reports, Exhibits 4 and 5, and tell me whether or not those reports are mentioned in this letter, Exhibit 13, from Wright Air Development?

A. I fail to make the connection between the numbers here and the reports, unless I am overlooking some place. The letter calls out the report numbers. Is this report called? If it is, I haven't found it. [434]

Q. Exhibit 5 is MP-192. That is one of those mentioned in the letter, Exhibit 13, is it not?

A. Yes, they have a 192 mentioned.

Q. I am sorry I misled you. I meant to refer to Report MP-182, which is a part of Exhibit 3, dated 1/29/53. That is No. 182, is it not?

A. I don't know what specifications they are calling out here. Well, in the letter they call out a 152, but I can't say whether that is referring to this exact report or not. I can't tell you that.

Q. Don't you recall sending to Wright Field the reports mentioned in that letter, 182, 192 and 192-1?

A. I am sure we sent some reports to Wright Field, but I couldn't swear to the numbers on them or recall exactly what it would be. It could be.

Q. You did send, however, three Rohr lab reports to Wright Field, as stated in the letter, Exhibit 13?

(Testimony of Joe Kerley.)

A. Well, now, if you ask me to swear to that, I couldn't do it. I would say we possibly did, but I couldn't pin it down that close.

Q. Is that letter, Exhibit 13, an approval by Wright Field?

Mr. Miller: I think the letter speaks for itself. Object to the question on that ground. Calls for a conclusion of this witness. The letter is in evidence and it speaks for [435] itself.

The Court: I am sorry. Read the question.

(Question read.)

The Court: Sustained. The letter speaks for itself, doesn't it, rather than asking for a conclusion of this witness?

Mr. Fulwider: I will offer Exhibit 13, being the letter from Wright Airfield in evidence.

The Court: It may be received in evidence.

The Clerk: Exhibit 13.

(The document heretofore marked Plaintiffs' Exhibit 13 was received in evidence.)

[See page 745.]

Q. (By Mr. Fulwider): Now, the rubber compound covered by the letter from Wright Field, Exhibit 13, was subsequently used by Rubber Teck in making Duo-Seals, was it not?

A. I believe so.

Q. When Rubber Teck first started manufacturing Lock-O-Seals for the Wolfe Company, they made both the rubber rings and the metal washers, is that correct? A. At the first.

(Testimony of Joe Kerley.)

Q. And then subsequently the metal washers, I believe, were made on the outside by Pacific Cut Washer Company. A. That's right.

Q. Were the dies that Rubber Teck had been using up to that time turned over to Pacific Cut to use in making [436] washers?

A. It seems to me that they were, but then I believe the Pacific Cut made, Pacific Cut Washer made some of their own dies, getting into higher production on compound dies, if I remember right.

Q. I am not sure that I asked you this morning about the data sheets in Exhibit 7. Exhibit 7 is a series of data sheets carrying the Franklin C. Wolfe Company legend. Do you recall receiving these data sheets or duplicate copies thereof at Rubber Teck?

A. I would assume we did, but I have no vivid recollection of it.

Q. You were familiar with data sheets such as Exhibit 7, were you not?

A. Is this Exhibit 7?

Q. Yes.

A. I wouldn't be too familiar with that, no, sir.

Q. You know, do you not, that the Wolfe Company did prepare data sheets for Lock-O-Seals?

A. Yes, they did.

Q. Do you know whether or not at Rubber Teck you had data sheets covering the sizes listed in the first page of this Exhibit 7?

A. We would have had data sheets of the sizes that wouldn't necessarily have been from the Franklin C. Wolfe [437] Company. I don't say we

(Testimony of Joe Kerley.)

didn't have any from Franklin C. Wolfe Company, but when we were making those rings, we had to have our own data sheets to make the metal parts.

Q. You say you had to have data sheets?

A. Yes, sir.

Q. Will you look at page 83 of your deposition, line 13:

“Q. (By Mr. Lee): Referring to Exhibit 7, Mr. Kerley, do you recall seeing any of those before?

“A. I am sure I did.

“Q. They were supplied to you by the Wolfe Company?

“A. Either the Wolfe Company or Rohr Aircraft.

“Q. One or the other? “A. Yes.”

You did so testify?

A. Yes, sir. I didn't deny it here, either.

Q. Was that a correct statement?

A. Yes, sir.

Mr. Fulwider: I would like to offer Exhibit 7 in evidence.

The Court: It may be received in evidence.

The Clerk: Exhibit 7.

(The document heretofore marked Plaintiffs' Exhibit 7 was received in evidence.) [438]

[See Book of Exhibits.]

Q. (By Mr. Fulwider): Now, turning to the manufacturing of Duo-Seals by Rubber Teck, did you and Mr. Karres and Mr. Grass all agree that Rubber Teck should go into the manufacture of Duo-Seals?

(Testimony of Joe Kerley.)

A. Well, it must have been a joint agreement. We wasn't in the habit of doing something without the consent of others.

Q. There was no disagreement that you recall?

A. No, sir.

Q. Now, I am not sure whether I asked you this this morning. Am I correct in my understanding that the letter to Reischauer at Fletcher was the first offer to the trade of Duo-Seals?

A. I couldn't answer that truthfully. It could have been, but I can't say for sure.

Q. Would you say it was approximately the first, one of the first?

A. I would say it was along close to the first.

Q. Now, you are familiar with the product sold by the Wolfe Company as the Stat-O-Seal, are you not?

A. I know of it. I am not too familiar with it.

Q. You do recall that they manufacture a one-piece seal under the trade-mark "Stat-O-Seal"?

A. Yes, sir, and I have seen it.

Q. You have seen it? [439] A. Yes, sir.

Q. Now, Mr. Smith of the Wolfe Company requested you to submit to him an estimate on the manufacture of Stat-O-Seals, which were then called one-piece Lock-O-Seals, by Rubber Teck, did he not?

A. I am not sure whether he requested that direct of me or not. Possibly so. But it would have had to have gone through our channels there to have got an estimate on it, through Mr. Grass, our

(Testimony of Joe Kerley.)

tooling man, which would have been the most important one in it.

Q. You do remember, I take it, discussing with Paul Smith of Wolfe Company the manufacture of Stat-O-Seals?

Mr. Williams: If your Honor please, may we have this centered as to a point of time, this conversation he is referring to?

Mr. Fulwider: That is what I am going to ask next.

Mr. Williams: All right.

The Court: Overruled. If you are going to ask it in the next question, overruled. Can you answer the question?

The Witness: I will have to have it again.

The Court: Read the question.

(Question read.)

The Witness: Yes, I am sure I remember a conversation or two on that.

Q. (By Mr. Fulwider): Can you tell me when that was? [440]

A. No, sir. The only way I could get anywhere close to it would be it was sometime after the—if I remember right now, it was sometime after Mr. Reischauer had asked for a one-piece at Fletcher Aviation. I believe I am right on that.

Q. That would place it in 1953, then, as I understand it.

A. If the date on the inquiry on the one-piece was in 1953, I would say that was in 1953, sometime after.

(Testimony of Joe Kerley.)

Q. Do you remember where you had that conversation with Paul Smith?

A. Not exactly. I do know that there was a conversation or two on it at Rubber Teck's plant. I believe there were discussions on how to make the molds between Mr. Smith and Mr. Grass, if my recollection is not too bad.

Q. Were you present at that conference or conversation?

A. I think I was present. I don't believe I went into any discussion on it—it wouldn't have been my place too much to have—the one discussion on it.

Q. Do you recall anyone else who was present at that conversation?

A. Not at that particular one. There could have been. Mr. Karres could have been in on it, if it got down to serious business.

Q. You say the discussion, as you recall, was principally [441] on tooling up for the Stat-O-Seal?

A. Well, if I remember right, I wouldn't want to say—tooling is pretty broad, but I would say the best way to mold or make the Stat-O-Seal.

Q. Did Mr. Smith at that conversation show you a Stat-O-Seal or model of a Stat-O-Seal, sample of a Stat-O-Seal?

A. I don't hardly believe he did. I don't believe they had any at that time. If I understand this right, this was while the thing was in its—what do you call it—conception, or trying to get it figured out, or something, I believe.

(Testimony of Joe Kerley.)

Q. What did Mr. Smith say to you in that conversation, the substance of it as best you recall now?

A. Mr. Fulwider, as I said, it was not my place to go into too much discussion on tooling. I would hesitate to try to say what the conversation was. I believe someone else is more qualified that would be in on it than I am on that particular end of it.

Q. Do you recall that he asked you to give him an estimate on the manufacture by Rubber Teck of Stat-O-Seals for the Wolfe Company?

A. I believe that that was brought up in the conversation.

Q. Did you have any further conversation with personnel of the Wolfe Company concerning the possible manufacture by [442] Rubber Teck of Stat-O-Seals for the Wolfe Company?

A. There could have been, Mr. Fulwider, but it would have been more or less not done to a serious point, I don't believe, as far as prices and how to manufacture them, or anything like that.

Q. Do you remember whether or not Mr. Grass gave to you a figure or an estimate prepared by him on the cost of making molds such as Rubber Teck would use if it manufactured the Stat-O-Seal for Wolfe?

A. I don't think so. I don't believe Mr. Grass ever gave them to me. I don't know whether he went that far or not.

Q. Do you recall ever giving a price to anyone at the Wolfe Company, an estimate of what Rubber

(Testimony of Joe Kerley.)

Teck would charge to manufacture the Stat-O-Seals for the Wolfe Company?

A. No. If they were given a price by Rubber Teck, I don't remember.

Q. You don't remember that?

A. No, sir.

Q. Were you shown any drawings or sketches in this conversation you had with Mr. Smith concerning the possible manufacture of Stat-O-Seals by Rubber Teck?

A. There could have been. I don't recall them.

Q. Now, when Rubber Teck started manufacturing duo-Seals — let me ask you this way. Throughout 1953, up until [443] at least the close of 1953, as far as you know, Rubber Teck supplied the Wolfe Company's entire demands for rubber rings for the Lock-O-Seals except the one exception you mentioned this morning, that big order.

A. Well, I have no information or no proof otherwise.

Q. As far as you know, then, Rubber Teck continued to sell O rings for use in Lock-O-Seals after the November 20 letter to Mr. Reischauer, up into 1954, is that your recollection?

A. That Rubber Teck continued to sell O rings for Lock-O-Seals to Mr. Reischauer?

Q. Rubber rings. No, to Wolfe after the Reischauer letter.

A. I can't tell you just when that was discontinued. I can't tell you.

Q. After the Duo-Seals came on the market, did

(Testimony of Joe Kerley.)

you have a conversation with Mr. Hagmann of Wolfe Company concerning the Duo-Seals? Did he call on you and discuss your manufacture and sale of Duo-Seals?

A. After they were on the market?

Q. Yes.

A. There was a very few on the market. There was a conversation between myself and Mr. Hagmann on manufacturing of Duo-Seals. I am trying to remember whether there was two conversations and I am getting them mixed or not. I believe [444] the one conversation I do recall, Mr. Hagmann told us we were infringing on his patent rights.

Q. Do you remember where that conversation took place?

A. The one I am referring to I am pretty sure was at lunch one day.

Q. And did Mr. Hagmann tell you why he wanted you to stop making Duo-Seals?

A. Well, he figured, I suppose, we were infringing on their patent rights. He didn't want anything that would hurt their sale of Lock-O-Seals, I suppose.

Q. About how long did that conference last?

A. Oh, I would say maybe approximately an hour, through lunch.

Q. Was anyone else present?

A. Not that time. I am a little mixed up between the two conversations.

Q. What did you say to Mr. Hagmann as to stopping the production of Duo-Seals?

(Testimony of Joe Kerley.)

A. As to stopping the production?

Q. Yes.

A. I am not going to pin what I said down to this conversation. It might have been one before that, Mr. Fulwider. But as to your question of what did he say, either at that conversation or the one before, was to the effect that if we were infringing on their patent rights, we would stop any [445] operation that we had until we found out. That was after a discussion with other parties in Rubber Teck before I made an answer like that.

Q. And you did drop the sales for a while?

A. After one of the conversations, we did.

Q. Yes, and then resumed them right after?

A. Well, in fact, we canceled a small order we had at that particular time and later resumed.

The Court: Mr. Fulwider, I have a matter I want to try to clear up before the afternoon recess. This might be a pretty good time to clear it up, if I can.

Mr. Fulwider: Yes, your Honor.

The Court: According to your testimony, Rubber Teck started to experiment on the Duo-Seals in the early part of 1954, went into production sometime in July 1954. That is the notation I have here.

The Witness: Your Honor, I——

The Court: Is that wrong?

The Witness: I don't remember saying that they went into production in July 1954.

The Court: I asked you when you went into production, and you said sometime after July 1954.

(Testimony of Joe Kerley.)

The Witness: Oh, yes, sir, sometime after.

The Court: Your experimentation was in the early part of 1954, according to your testimony. In November 1953, [446] you wrote the Fletcher Aviation Company saying, "We are now in a position to offer Duo-Seals in the very near future."

The Witness: Then I was wrong in my estimate of the first part of 1954. As I said, my dates are very mixed up.

The Court: Then you had them and your experimentation was not in 1954, but in 1953.

The Witness: It must have been, your Honor.

The Court: All right. Now, referring to Exhibit 13, which is a letter to Rubber Teck from Wright Air Development Center, "Reference is made to your letter of February 16, 1954, in which was enclosed Rohr Laboratory Reports 182, 192, 192-1."

These were the reports on Duo-Seal, were they?

The Witness: No, sir. You mean the Rohr Aircraft reports?

The Court: Yes.

The Witness: I don't believe so. They were straight reports on compounds tested, I believe.

The Court: Does this letter refer to the compounds, that is, to the rubber material, or does it refer to the Duo-Seals?

The Witness: No, sir. I would say that the reports from Rohr Aircraft refer to the test run on rubber compounds made by Rubber Teck. [447]

The Court: Those are tests of rubber compounds?

(Testimony of Joe Kerley.)

The Witness: Yes, sir.

The Court: Then the rest of this letter relative to Duo-Seals, was that for the testing of the rubber compound?

The Witness: No. Where they refer to Duo-Seal, that would be a test on Duo-Seal, but the top reports is on the rubber compound.

The Court: When you wrote that letter to the Fletcher Aviation Corporation, November 20, 1953, in which you said you were in position to offer Duo-Seals, the aviation company couldn't have put in Duo-Seals until they had been approved by the government, could they? Do I understand that everything that goes into a government plane has to have government approval?

The Witness: Some things do not, your Honor. You take the Rohr Aircraft, for instance, used a lot of things not approved by the government. If they had a specific part to make, they could do a lot of their own approving. When you go into a Lock-O-Seal or a Duo-Seal or sealing device, it can be used in certain non-essential—what I mean by non-essential, in an airplane it is something that the stress isn't going to break and cause the man death, or something like that. A lot of companies can put those into their planes.

The Court: Without government approval?

The Witness: Yes. It isn't common practice.

The Court: In March 1954 you wanted approval on the use of Duo-Seals on drop tanks.

The Witness: You say we are on approval?

(Testimony of Joe Kerley.)

The Court: You wanted approval.

The Witness: Yes, sir.

The Court: For drop tanks.

The Witness: Yes, sir.

The Court: Then your testimony is that you could offer Duo-Seals to the Fletcher Aviation Corporation and the Fletcher Aviation Corporation could use Duo-Seals without a government approval?

The Witness: I don't say that they did, but I say there is instances.

The Court: They could?

The Witness: Yes, sir.

The Court: Did Fletcher use the plaintiff's seals without approval, government approval?

The Witness: I couldn't tell you.

Mr. Miller: Rohr did when Gross first developed them. He put them on the Coronado, 70 of them.

The Court: They were experimenting, weren't they? They were given a job and they were doing this as sort of an experimentation, trying to find out something that would solve the problem. The government didn't have any yardstick.

Mr. Miller: Rohr had their own laboratory down [449] there, but they never bothered to test them.

Mr. Fulwider: I believe the Navy approved the early Rohr work, and the Rohr lab was a Navy-approved lab.

Mr. Miller: We don't have any evidence of that.

* * * * *

(Testimony of Joe Kerley.)

Mr. Fulwider: That's all the questions that we have of Mr. Kerley.

Mr. Miller: Before I start with Mr. Kerley, you asked me to stipulate as to the date of incorporation of Green Rubber and Machine Works as being May 5, 1947.

Mr. Fulwider: Yes.

Mr. Miller: And that the name was changed to Rubber Teck on April 8, 1948, and Mr. Kerley sold his stock as of July 31, 1954. Were those the items?

Mr. Fulwider: Yes.

Mr. Miller: So stipulated. [450]

* * * * *

Cross Examination

Q. (By Mr. Miller): Now, Mr. Kerley, was the first time you ever met Mr. Gross in 1944, or was it earlier than that?

A. I believe it was sometime in 1941, the first time.

Q. That was while you were employed by McClatchie.

A. Yes, sir.

Q. Was McClatchie selling rubber parts at the time that you first met Mr. Gross in 1941?

A. Yes, sir.

Q. Were they selling rubber parts for airplanes to Rohr during that period?

A. Yes, sir. We worked very closely with Rohr on quite a few items.

Q. Do you know whether during the period 1941 to 1944, Rohr did any testing of rubber parts supplied by McClatchie?

(Testimony of Joe Kerley.)

A. Yes, sir. If we supplied them with a part, most of the time we also supplied them with test samples of the rubber compound used on that part, and they tested them to their own satisfaction.

Q. What type of equipment was McClatchie manufacturing and selling generally besides rubber parts for airplanes?

A. Oil tool equipment, valve sets, liners, pistons for pumps, weight indicators.

Q. Some of those pieces of oil field equipment had [451] rubber parts in them?

A. Most all of them.

Q. Did Mr. Gross ever make an inquiry of you—before I get to that, will you tell me something about the nature of the pressures that you had to deal with in these oil field tools?

A. It is built up to considerable pressure. In those days they weren't quite as high as they are at the present time, but we worked under 500, 1000, 1200, to bring the pumps up to 1800, 2000 pounds.

Q. 2000 pounds per square inch?

A. Yes, sir.

Q. And you would have problems in connection with this oil field equipment of sealing against leakage with rubber? A. Yes, sir, considerably.

Q. In 1944, or the tail end of 1943, did Mr. Gross ever inquire of you how you made efficient rubber seals on your oil field equipment in solving the problem of how to seal these tanks on the Coronados?

(Testimony of Joe Kerley.)

A. I don't believe that it came up as to how to seal any specific thing. We might have discussed different sealing problems.

Q. Well, do you have any recollection at any time of his saying, "We have got to seal some tanks on some planes down there and we have got a rather stiff sealing problem. [452] Will you tell me how you seal on your oil field tools," or words to that effect?

Mr. Fulwider: I object to leading the witness.

The Court: This is cross examination.

Mr. Fulwider: I know.

The Court: He can lead the witness on cross examination.

Mr. Fulwider: It isn't really. Our examination was under 43(b) and was in the nature of cross examination, and as I understand it, Mr. Miller is counsel for this man.

The Court: That's right. I forgot that this witness was called under the statute.

Mr. Fulwider: A certain amount, I don't mind.

The Court: I will sustain the objection.

Q. (By Mr. Miller): Did you make any suggestions to Mr. Gross on how to effect a seal around the bolt on tanks?

A. At one time I happened to be calling on Rohr Aircraft. I know they did have quite a problem on sealing bolts around the tank. If I remember right, when I was there that particular afternoon or morning, I don't remember which, this tank was in the lab and they were having quite a problem with

(Testimony of Joe Kerley.)

it, and I know Mr. Gross made the statement that they were having a lot of trouble with it. They used what they speak of as gunk a lot of times in the fueling industry, and if I remember right, there were some rubber O rings on Mr. Gross' [453] desk, and during the discussion we were out looking at the tank by this time, or wing section, whichever it would be, and the discussion came up of countersinking around the bolt to retain the rubber seals so it could not move away by sealing around the bolt.

But, of course, that couldn't be done because your metal was a little too thin in the first place for countersinking. Your tank was of such construction it would have been very awkward to get under a countersinking machine. It all had to be done by hand, which wouldn't be too accurate.

Unless my memory fails me very much more than it ever has, I was the one that suggested the countersinking.

Then Mr. Gross came up with the idea of a metal washer dropped on top the surface of the tank, on the outside, where the metal bolt would make its contact, the head against the washer, which would act the same as a countersink.

And also, unless my memory is very bad, which I don't think it is either, that afternoon or a very few days later they used a rubber O ring to fit for the i.d. of the rubber O ring, to fit the o.d. of the bolt, and turned some washers out to fit the o.d. of the rubber ring and used those as the first tests.

(Testimony of Joe Kerley.)

Q. Your proposal to countersink and put the rubber O ring in the countersink, that preceded or came after, which, the making up of the O ring with the washer around it? [454]

A. I have been under the very strong impression all these years it was afterwards that the idea of the metal ring came up to act the same as a countersink.

Q. The metal ring was produced after you had proposed using a countersink?

A. At the same time, but afterwards. I was under the very strong impression that the idea of the countersink is what brought up the idea of the metal retainer.

Q. Did you learn at any time that Rohr contemplated, Rohr or Gross contemplated filing an application for patent on this idea?

A. Yes, sir. A short time later, I don't remember exactly, it seems to me it was only a few weeks later that I learned they were.

Q. Did you have any conversation with Mr. Gross concerning that?

A. Yes. Mr. Gross is the one that informed me that Rohr was going to file a patent application on that.

Q. Did you make any claim of interest in it at all?

A. Well, at that particular time, I believe when I learned what it was with a telephone conversation with Mr. Gross, in a more or less a serious and kid-

(Testimony of Joe Kerley.)

ding way, I said, "They can't do that. It was our idea."

I believe Mr. Gross at that particular time, I am not going to try to quote exact words, said, "Well, the next [455] time you are down we will talk the situation over," referring to the idea of the Lock-O-Seal.

Q. Did you go down to San Diego after that and have a conversation with him about it?

A. Yes, sir, I did. I believe it was either the same week of the telephone conversation or the following week, I had a conversation with Mr. Gross. We went over to Mr. Shepard's office and talked to him about it.

Q. Who was Mr. Shepard?

A. Well, at that time, and I believe he still is, I believe he was secretary and treasurer or secretary and possibly an attorney for Rohr Aircraft.

Q. When you had this conversation with Mr. Shepard, who was present at that conversation?

A. Well, I don't believe there was anyone present except Mr. Shepard and Mr. Gross and Mr. Shepard's secretary and myself. I am pretty sure his secretary was there.

Mr. Fulwider: May I inquire when this conversation took place, approximately?

The Court: He said the same week or shortly thereafter when he had the telephone conversation.

The Witness: As well as I can remember, it was the same week or the following week. I am not stating exactly.

(Testimony of Joe Kerley.)

Mr. Fulwider: All right. Thank you.

Q. (By Mr. Miller): Can you tell us the gist of the conversation [456] that you had with Mr. Shepard and with Mr. Gross, if he participated in it, in Mr. Shepard's office?

A. I can give you a general idea of it. As well as I remember, Mr. Gross at that particular time, I believe he admitted, I say admitted, he didn't have to admit it, but I believe he did say in front of Mr. Shepard that I had contributed somewhat to the idea as it was being applied for, as the patent was being applied for.

I don't remember whether Mr. Shepard come out and said, "Mr. Kerley, do you want something for your idea?" Or whether I said, "As long as I feel I did contribute something to the idea, I would like the manufacturing rights." But anyway the question of manufacturing rights came up.

Q. Who asked for the manufacturing rights?

A. I did.

Q. You asked for the manufacturing rights?

A. Yes, sir.

Q. Did Mr. Shepard indicate in any way that he was willing you should have them?

A. I don't remember his exact words, but he must have been willing I should have them, because I did get the permission to have manufacturing rights later on, to get someone to manufacture them.

Q. Was there any memorandum of any kind

(Testimony of Joe Kerley.)

made of that at the time you had the conversation with Mr. Shepard and Mr. [457] Gross?

A. I don't remember, Mr. Miller. I don't hardly think there was. I think it was more or less just a gentlemen's agreement.

This idea of dropping an O ring in a countersink, where did you get that idea?

A. Well, I have to admit it wasn't exactly my idea. We had been doing something similar to that in oil fields for a few years, maybe not exactly the way this was being used, but for sealing, which all seal under general conditions——

Q. The idea of dropping the O ring in a countersink had been used in oil field equipment made by McClatchie?

A. Something on that order. Now, it wouldn't have been used generally, but in certain specific applications.

Q. Were they used in mud pumps?

A. Yes. I would say in one specific—I couldn't tell you the company's name, I couldn't tell the year, but I know in some cases, you see—maybe I better explain this, if you will let me have the time. As you know, a mud pump builds up a lot of pressure, a lot of sand comes out of the hole, maybe two or three thousand feet down, and it has a tremendous abrasive action which begins to wear on a mud pump in most all places where the pressure is applied to it. It might hit a flaw in the sand cast, which a lot of mud pumps at that particular time were large sand casts, it might hit a flaw and [458]

(Testimony of Joe Kerley.)

begin to eat through that, and naturally most pressure, if you don't stop it, will eat the whole pump up. In this particular case where the pumps are large and it takes heavy equipment to move them, they would in a crude way drill, possibly, say a hole the size of a match, or if a bolt flattened out too much, they would try to take a hand drill or something and try to countersink in a crude way and drop an O ring in that with a metal washer over it and then screw the bolt back down, which in a lot of cases would serve the purpose for quite a while, until they started eating out again.

Q. You refer to some samples of screw seals, or what later became known as Lock-O-Seals, that you obtained from Mr. Gross or from Rohr. Were those samples of the same seal that Rohr was selling to other companies at that time, or do you know?

A. Same screw seals, yes.

Q. A sample of the same screw seals?

A. Yes, I am sure they were.

Q. When Mr. Gross gave you those samples, did he tell you he was either giving you those in confidence or that there was some secret about it that he could not divulge those samples to other people?

A. No, sir.

Q. How did you happen to contact Kyle and Green when you were employed by McClatchie?

A. Well, Mr. Green worked for McClatchie with me for a number of years, and then he left the employ of McClatchie Manufacturing Company and went in for himself in a small machine shop.

(Testimony of Joe Kerley.)

Q. Did Kyle also work at McClatchie's, or do you know?

A. Yes, sir, they both worked there. Mr. Green worked there as a maintenance man, and Mr. Green was in the maintenance shop as a tool man.

Q. Now, you took Mr. Green or Mr. Kyle or both of them to San Diego and negotiated this agreement that resulted in the Rohr license to Kyle and Green?

A. I am sure they were both present at all the meetings.

Q. Was the agreement, Exhibit 90, the one you negotiated between Rohr and Kyle and Green?

A. Yes, sir. I have read this agreement and I would say that, not word for word, possibly, but it is the oral understanding had between Rohr and Green and Kyle, or they had between the two of them.

Q. You were to get a sort of a five per cent commission or royalty or override, whatever you want to call it, on the sales made by Kyle and Green under that agreement, were you?

A. That is the understanding I had with Mr. Green and Mr. Kyle.

Q. Was that ever reduced to writing, if you know? [460]

A. No, sir, it was never reduced to writing.

Q. What was the equipment that was turned over to Kyle and Green following the execution of this agreement, Exhibit 90, as best you can recall?

A. What was the equipment in the way of pro-

(Testimony of Joe Kerley.)

ducing or making Lock-O-Seals? Is that the question?

Q. Yes.

A. It was, as well as I remember, possibly some single cavity molds, which cannot be used under production, of course. There possibly was two or three die sets for punching metal. If I understand it right, Rohr punched some of their own metal down there and bought the rubber rings—well, you didn't ask me that.

But, anyway, it was the die sets, two or three die sets, just single-action die sets.

Outside of that, of the samples that Mr. Gross gave to Kyle and Green, there was some templates, I would call them. When Rohr Aircraft were supplying the screw seal, Lock-O-Seal, whichever it was called in this particular case, they had a board, say a few feet long, that they dropped these screw seals in and those screw seals were then wrapped within clear tape. They didn't amount to very much. \$5.00 would have bought the whole works. I am speaking of what they used for wrapping them with now.

Q. They also turned over to you a few Lock-O-Seals or [461] screw seals? A. Yes.

Mr. Miller: I wonder if we could have the photographs Mr. Gross was identifying yesterday. Didn't you have a photograph of a mold?

Mr. Fulwider: Yes.

Mr. Miller: I can't recall the exhibit number. It is Plaintiffs' Exhibit 58 for identification.

(Testimony of Joe Kerley.)

The Clerk: It is in evidence.

Q. (By Mr. Miller): I show you Plaintiffs' Exhibit 58 and ask you whether or not that shows the mold, such as the single-cavity mold that you are referring to, or do you recognize it?

A. I don't exactly recognize this as a mold.

Mr. Fulwider: Which number is that?

Mr. Miller: That is 58. I was under the impression the picture of the mold was different.

Mr. Fulwider: That is the only one, I believe. There was a picture showing a lot of boxes.

The Witness: This could be a small experimental mold.

Q. (By Mr. Miller): Will you explain to the court just what is a single-cavity mold?

A. A single-cavity mold is a mold that will only produce one rubber part at a time, one part that it is [462] designed to make at a time.

Q. Were those molds suitable for manufacturing on a production basis?

A. Oh, no. You couldn't use them as production at all. The cost of your part would be so high that you would never sell it.

Q. The molds that Green and Kyle received from Rohr for making Lock-O-Seals were suitable for making how many different sizes of Lock-O-Seals, do you recall?

A. I could pin it down to definitely three, possibly five.

Q. Three or possibly five? A. Yes, sir.

Q. Did Green and Kyle make up any molds for

(Testimony of Joe Kerley.)

production purposes, or did they use those single-cavity molds?

A. No, sir. Green and Kyle, if I remember right, made some 98 cavity molds, they would make 90 parts in what you call a cycle in a rubber press, and I believe they made those in 3/16, 1/4 and 5/16 sizes. If there was a larger size sold, if there was, there would have been a smaller amount of cavities per mold. Those were straight compression molds.

Q. Do you have any way of knowing whether or not Green and Kyle spent any substantial amount of money to develop those 98 cavity molds?

A. Yes. Those molds run into a little money, and I [463] would say the way they were made at that time, they would run possibly—this is just an estimate now, I am no tool man, possibly \$3 a cavity.

Along with that, with the punching of the metal, they purchased the rolled metal strips and bought a punch die, punch press, to handle the dies for punching the metal.

Q. Were the Lock-O-Seals made by Green and Kyle identically the same as the sizes, as to dimensions, that the Lock-O-Seals were that you had obtained from Rohr?

A. Let us say they were supposed to have been. I wouldn't say they come out exactly. There was a variation there possibly. When you use different compounds of rubbers, you have to allow for the shrinkage of the rubber in the mold cavities,

(Testimony of Joe Kerley.)

and maybe you won't get the exact shrinkage in a small part within a thousandth or so.

Q. Did they do any developing of their own as to altering the dimensions so that the parts would fit properly and there wouldn't be too much or too little rubber?

A. In offering the dimensions?

Q. Yes.

A. I would say there was some offers made or changes on dimensions, possibly. It could have been in the way of expediting manufacturing or maybe a little better seal. I won't say they were accepted. I would say they offered them, at least.

Q. How many sizes of Lock-O-Seals did Green and Kyle make?

A. That is very hard for me to say truthfully. I know the 316, the $\frac{1}{4}$ and $\frac{5}{16}$, which were the popular sizes. I believe we did get a very, very few calls for possibly $\frac{1}{2}$ inch, $\frac{5}{8}$, maybe a $\frac{3}{4}$ for test some place, possibly.

Q. Now, most of the output of Green and Kyle was distributed where, or how was that disposed of or sold?

A. It was not distributed at all. Well, from Green and Kyle it was not distributed. It all went to Industrial Specialties.

Q. They were the exclusive sales agents for the output of Green and Kyle?

A. They were the agents. I don't know whether they had it exclusive or not.

Q. Did you ever hear from Mr. Shepard pro-

(Testimony of Joe Kerley.)

posing that Green and Kyle terminate their agreement with Rohr so that a new program could be entered into? A. Yes, sir.

Q. Will you tell us about that?

A. Well, I am almost positive that that was in a letter form. I believe that the letter from Mr. Shepard came to me along with the form for Green and Kyle to sign, which would terminate their agreement with Rohr Aircraft. In this letter, I believe that Mr. Shepard stated that the cause—I [465] am sure this letter was from Mr. Shepard—that the cause for terminating was so they could reorganize, if I remember right, sales, reorganize the sales end of it or reorganize the distribution of screw seals or Lock-O-Seals, whichever they called them at that time.

Q. Were Industrial Specialties very successful?

A. In selling these seals? No, sir.

Q. Can you give us some idea about the volume of business they did do?

A. It was very low, Mr. Miller. I would say that the combined number that was sold wouldn't have paid for, in profit, one mold that was made at that particular time to Industrial Sales.

Q. I am referring now to Exhibit 17. Did you draw up that agreement or was it somebody in the Franklin C. Wolfe Company that drew up that agreement and submitted it to you?

A. I assume either Franklin C. Wolfe Company or their attorney drew it up. I never saw it until it was presented to me.

(Testimony of Joe Kerley.)

Q. It was presented to you by them?

A. Yes, sir.

Q. Do you know why that agreement—withdraw that.

At the time of that agreement, which is 1948, I believe—is that right? A. November, 1948.

Q. At the time of that agreement, did Franklin C. Wolfe Company know that you were with Rubber Teck?

A. Yes, sure. I am sure they did.

Q. Do you know why that agreement was drawn up with you personally rather than with Rubber Teck Corporation?

A. No, sir, I don't. I believe if the agreement was never signed, which I didn't say it was or wasn't, but I do know when I did receive the first one, one reason I didn't sign at that particular time was to try to find out why it was made with me instead of Rubber Teck.

Q. Well, in 1948, were you still to have the manufacturing rights, according to your understanding with Mr. Shepard?

A. Yes, sir. I learned, and I can't tell you how, unless possible someone from the Franklin C. Wolfe Company, maybe Mr. Hagmann, it could have been, I don't say that they did, but I learned that they did have manufacturing and sales rights from the Rohr Aircraft Company.

Now, that is the first I had heard of any change after Mr. Shepard had asked me to get a release

(Testimony of Joe Kerley.)

from Green and Kyle, and when I heard of this I was naturally a little upset. I don't believe I called on the phone. I think I went to San Diego and had a discussion with Mr. Shepard. I believe Mr. Karres was with me at that time.

Q. I call your attention to Exhibit 91 and the last [467] sentence in paragraph 2, which reads:

"Licensee"—that is Franklin C. Wolfe—"agrees not to contract for or sublicense the manufacture of sealing devices hereunder without first securing consent of the licensor."

Did Mr. Wolfe or anybody connected with the Wolfe Company tell you that it was because of that provision in the agreement that they made the agreement, Exhibit 17, with you personally?

A. I couldn't answer that too truthfully. I don't remember it, if they did.

Q. You don't remember anything like that?

A. No.

Q. Did Shepard ever tell you that you were to have the manufacturing rights if it was made with Wolfe?

A. Well, when I went to Rohr to talk to Mr. Shepard about it, after I found out Franklin C. Wolfe Company had both sales and manufacturing rights, I took Mr. Karres with me that day, because we were both interested in the company, stockholders in the company, and in the conversation with Mr. Shepard, he told me that—I believe these are his exact words—he told me that when they let the contract to the Franklin C. Wolfe Company for

(Testimony of Joe Kerley.)

sale and manufacturing of Lock-O-Seals, that the Wolfe Company had agreed in turn to give me manufacturing rights, and I believe that is almost the exact [468] words to that effect, and then he asked me if I had—he seemed a little bit surprised at that particular time that I hadn't, and at that time I had no indication whether they were going to or not.

Q. In 1948, did the Franklin C. Wolfe Company have any plant?

A. If I remember right, they had just a sales office. I don't believe they even had any facilities for packing or shipping at that time. Possibly they did.

Q. Did they have any facilities for stamping out the retainers? A. No, sir.

Q. Did they have any facilities for molding and curing rubber?

A. No, sir, no facilities at all.

Q. Referring to Exhibit 11, did you dictate this letter for Mr. Aldridge, or is that Mr. Aldridge's work?

A. No, sir. I am sure I didn't dictate this letter. Mr. Aldridge wrote a lot of the letters. I did check some of the letters.

Q. This mentions in here Duo-Seals, or combination of rubber O ring. Is there an O ring in Duo-Seals, strictly speaking?

A. Strictly speaking, I wouldn't construe it to be an O ring. I don't believe an engineer would

(Testimony of Joe Kerley.)

construe it to be [469] an O ring in the Duol-Seal.

Q. It certainly is not like an ordinary O ring, is it? A. No, sir. [470] * * * * *

Q. Now, I will show you Exhibit for identification U. Did you have any knowledge of the issuance of that sheet by the government? I think it may be a two-page affair.

A. I would like to hear the question again, please.

(Question read.)

The Witness: I can't say that I did of this particular sheet.

Q. (By Mr. Miller): Were you aware of the fact that the government had got out standard specifications on O rings? A. Oh, yes.

Q. Is that one of them?

A. I would say it is. It says inactive for design, though.

Q. As of what date? A. May, 1953.

Q. It was issued as of what date? What does that show?

A. I don't believe it shows here.

Q. Isn't this the approval date, January 26, 1949? A. Oh, yes, that's right.

Q. How about Exhibit V for identification, which I now show you? Do you have any knowledge of that being issued about the time of its date? [471]

A. Yes. I was more or less familiar with the standard sizes put out by the government for O rings, packing rings, and as they were used in

(Testimony of Joe Kerley.)

hydraulic systems and sealing devices. Maybe not this particular sheet.

Q. I call your attention here to Exhibit 2, which is dated June 1, 1949, some four or five months after Exhibits U and V, in which they say that they are transmitting Report No. 347-D, which is Exhibit 1, and they mention changing certain sizes. Did you change your sizes of the Lock-O-Seals in response to the receipt of this report, or do you have any recollection of that?

A. I don't have any specific recollection of it. I would assume we did.

Q. Did you inform Mr. Wolfe as to what would be involved in the way of new tooling and molds to change over to the new dimensions in 347-D?

A. I am not sure. They would have known that there would be some involvement in cost of changeover. I know in some instances it was brought to their attention that there would be quite a bit of change, but on these particular ones, maybe I didn't. I am not sure of that.

Q. Now, how was this report, 347-D, used? Were copies of that distributed to the trade?

The Court: How would he know whether that was distributed to the trade or not? He can testify they were [472] distributed to him.

Mr. Miller: Well, he was in contact with the trade.

The Witness: I would say it was distributed to the trade, because your engineers have got to have your information on your sizes and your di-

(Testimony of Joe Kerley.)

mensions and what have you, to know what they are going to use. [473]

* * * * *

Q. (By Mr. Miller): Did you ever discuss making a one-piece sealing device, such as the Duo-Seal, with Mr. Gross?

A. Yes. It was discussed at one time.

Q. Where did that discussion take place?

A. I believe it was at Rohr Aircraft.

Q. Do you recall who else was present besides you and Mr. Gross? A. No, sir.

Q. Will you relate what the discussion was?

A. Well, I believe the idea of a one-piece was brought up. [477]

Q. By whom?

A. I believe I suggested it to Mr. Gross. I am not sure whether that was at the time we had a request a long time ago or a discussion came up to try keep the two pieces together for more convenience of installation. I don't recall what brought the thing up, but it was discussed with Mr. Gross, and at that particular time Mr. Gross didn't think it would work, or said it wouldn't work because it wasn't floating within the metal container.

Mr. Lee: Can we have the place and time of this conversation?

The Witness: I can't pin it down to any particular time. It was after the Lock-O-Seal was in operation.

Mr. Lee: After the war?

The Witness: Yes, I believe so, after the war.

(Testimony of Joe Kerley.)

Q. (By Mr. Miller): Can you orient it with relation to the time you discussed the matter with the Douglas people?

A. Possibly just before or just after that. That is as close as I can get it.

Q. That occurred approximately when? When did you discuss it with Douglas?

A. I believe I stated yesterday I couldn't pin that down, either.

Q. Was that quite some time in advance of your making up the seals for Mr. Reischauer?

Mr. Fulwider: I object to counsel leading the witness. He has already said he didn't know, and now Mr. Miller asked him if it is well in advance of some date.

The Court: Overruled. You may answer.

The Witness: Yes. It was before that, considerably before that.

Q. (By Mr. Miller): Mr. Gross said he preferred to have the rubber ring floating inside of the metal ring? A. That's right.

Q. At the time of this discussion, did he show you at all or discuss Exhibit 36?

A. What was the question again, please?

Mr. Miller: Will you read the question, please?

(Question read.)

A. No, sir. I have no recollection of ever discussing this at that time or seeing this.

Q. Did you ever see Exhibit 36 prior to the time of this trial?

A. No, sir. I don't think I ever saw it.

(Testimony of Joe Kerley.)

Q. I show you Plaintiff's Exhibit 13, which makes reference to Rohr Laboratory Reports 182, 192, and 192-1.

Mr. Miller: I understand, Mr. Fulwider, that we do not have a copy here of Report 192-1?

Mr. Fulwider: That's right, yes.

Q. (By Mr. Miller): Now, had you transmitted some [479] reports to Wright Air Development Center of Rohr Laboratory in an effort to get approval of Duo-Seals?

A. Well, yes, I had a little trouble remembering this yesterday, but I believe the letter itself would speak for it here that Rohr Laboratory reports, I am assuming that we got the reports and sent them on to Wright Field. This letter must be in answer to it.

Q. Here is one of the reports referred to in that letter. It is Exhibit 5, which is Report No. 192. This refers to some testing of a packing O ring, gasoline or kerosene, Rubber Teck, Inc., RT-167-60, conformance with mill, P-5315-A. What type rubber was that? Was that used on Lock-O-Seal O rings?

A. No. That particular rubber would not have been used on Lock-O-Seal rings. If you are referring to the ones we made for the Franklin C. Wolfe Company, no. [480]

Q. (By Mr. Miller): All right. Well, now, the rubber that you used on the O rings which was made for Franklin C. Wolfe Company was made out of what rubber, how did you identify that?

(Testimony of Joe Kerley.)

The Court: Does rubber have anything to do with it at all? There is no claim here of any infringement of any rubber patent of any kind. I don't know as there is any claim of any unfair competition, as far as rubber is concerned.

Mr. Miller: I don't know, either, your Honor, and I have been trying to find out from the start of this case.

Mr. Williams: If your Honor please, that goes to the materiality of this exhibit. We objected to these exhibits at the beginning as being immaterial to this.

The Court: Well, I am asking counsel. Mr. Fulwider, is there any question of any rubber here? Are you claiming they stole your rubber process?

Mr. Fulwider: No, not as to compounding rubber, no, your Honor.

It is our position, as the letter shows, Exhibit 13, that they procured our own company to make tests on them.

The Court: Of rubber?

Mr. Fulwider: And that they then sent those tests on to Wright Field.

The Court: You are not contending, are you, that they [481] stole your formula relative to rubber?

Mr. Fulwider: No, your Honor, not at all.

The Court: What difference does it make, then, about these rubber tests?

Mr. Miller: Well, I don't know. Apparently not.

(Testimony of Joe Kerley.)

The Court: If Mr. Fulwider will object to the materiality, I will sustain the objection, because I don't think the rubber has anything to do with it at all.

Mr. Williams: Then, I move to strike the exhibits as being completely immaterial to the case.

The Court: I will overrule that, because it is immaterial anyway.

Mr. Williams: Thank you.

Mr. Miller: We are concerned somewhat about a record being established here with some unfair competition.

The Court: That is right, but the unfair competition hasn't anything to do with rubber. Now, there is an allegation in the complaint that the workmanship and materials are inferior in the case of the defendant's product. Now, you haven't introduced one iota of evidence so far to show that there is any inferiority with its workmanship or materials.

Mr. Fulwider: I believe that is right.

The Court: Are you going to try to establish that?

Mr. Fulwider: I am not sure what evidence we will have [482] that goes to that point particularly.

The Court: You ought to be sure; you ought to know by this time. We are halfway through the case at least.

Mr. Fulwider: In general, I think there is no argument but what the Duo-Seals are sufficiently

(Testimony of Joe Kerley.)

satisfactory to be merchandised, to meet as I understand it Government specifications.

The Court: Well, you made several allegations in your complaint that you have ignored so far in the evidence.

Mr. Fulwider: I believe that is right, your Honor.

The Court: And I assume that you are going to continue to ignore them. Now, in paragraph 19 of your complaint, you said, "Said sealing devices manufactured by the defendants are of the same appearance of the plaintiffs', but are of inferior quality and workmanship."

Now, if you want to show that that rubber was used in the defendants' sealing devices and was inferior to the rubber as used in the plaintiffs' sealing devices, it may be this is material.

Mr. Fulwider: No. We do not plan to do that.

The Court: Then, I think all of this is immaterial.

Mr. Fulwider: All the rubbers have to meet rigid specifications. It is our position that the particular Duo-Seal as made by them is inferior to our product.

The Court: Mr. Miller, I don't think that the quality [483] of rubber has any question in this case, so I will object to it being introduced into this record, because we haven't got time to take care of it. The plaintiff is not contesting in any way the workmanship or the quality of the rubber of the O ring.

(Testimony of Joe Kerley.)

Mr. Fulwider: Yes, that is right.

Mr. Miller: Well, I am disposed to acquiesce in your objections, your Honor, and govern myself accordingly. The thing that has been bothering me from the start is this allegation in that same paragraph about them having transmitted and having used trade secrets and other data and information.

The Court: All right. There is no trade secret involved here relevant to the rubber in the O ring, and there is no trade secret in the O ring itself, because from the statement of counsel, they have been using O rings for many, many years.

Mr. Miller: How about this "information"?

The Court: Don't try to anticipate what the evidence is going to be. You are anticipating a defense here, now. We have enough here without anticipating.

Mr. Miller: No, but Mr. Fulwider confronted this witness yesterday with the Wright Field letter and the two reports.

The Court: Well, if I had known as much then as I do [484] now, I would probably have sustained the objection to them going in, but they are in now. I won't strike them when they are in, but I will probably disregard them when I come to determine the rights of the parties in this case.

I might say, Mr. Miller, I went into that yesterday, not on the point that there is any question of the rubber content, of the manufacture of the rubber or anything like that, but I was interested in

(Testimony of Joe Kerley.)

the time element and I was interested in the dates, and that is why I inquired of the witness yesterday to try to establish the time this letter was sent relative to the other dates that had been mentioned by this witness.

Q. (By Mr. Miller): Now, referring to Exhibit 17, approximately when was it that you discontinued operating under that agreement?

A. This is the agreement made with Mr. Green and Kyle.

Q. That is the agreement between Mr. Kerley and Franklin C. Wolfe Company.

A. Oh, yes.

Mr. Lee: Counsel, didn't we have a stipulation with Mr. Williams yesterday that that agreement was acted upon as though it was signed?

Mr. Miller: Yes.

The Court: Yes.

Mr. Lee: And with the same terms and conditions that [485] were in it.

The Court: Yes, we had, but the question is, when did they cease to operate?

Mr. Lee: The contract has a five year term in the contract.

The Court: Well, I know, but that is not the purpose. If that was an objection, it is overruled. He may answer.

A. I would say in '53.

Q. (By Mr. Miller): And what was the reason for that?

(Testimony of Joe Kerley.)

The Court: Now, Mr. Miller, what are you trying to do? Of course, I suppose that you have a right to ask every question that opposing counsel asked and have it reiterated. Now, he said they ceased to operate because of a lack of orders from Franklin C. Wolfe Company. Aren't you satisfied with that answer?

Mr. Miller: No. There was one other reason for that.

The Court: Oh, there was?

Mr. Miller: Yes.

The Court: I asked him and he didn't give the reason yesterday.

Mr. Miller: There was an additional reason to that.

The Court: What is the additional reason?

The Witness: Well, that was the main reason, of course, we had a sales agreement with the Franklin C. Wolfe Company. That was canceled out, and under that sales agreement, they [486] were not supposed to manufacture anything in their plant that could be manufactured by us, without our agreement, and then the sales agreement was canceled.

The Court: Is the sales agreement in writing?

Mr. Miller: Yes.

The Court: Is it in evidence?

Mr. Miller: I don't believe it is in evidence, but didn't we have that in the depositions?

Mr. Fulwider: Yes.

(Testimony of Joe Kerley.)

The Court: If we have a written document, then why take the statement of a witness?

The Clerk: That is in evidence here.

Mr. Miller: I don't believe that one has been brought up. I want to have him identify this.

Mr. Lee: Are these in evidence?

Mr. Miller: This No. 20 is a report.

Mr. Lee: No. 21. [487]

Q. (By Mr. Miller): Is this the sales agreement that you had reference to?

Mr. Fulwider: Has that got a number yet?

Mr. Miller: Exhibit 21.

Mr. Fulwider: 21. Thank you.

The Witness: Yes, this is the one I was referring to.

Q. (By Mr. Miller): What is that?

A. Yes, this is the one I was referring to.

Mr. Miller: I will offer in evidence Exhibit 21.

The Court: It may be received.

The Clerk: Is this going to be for the defendant or is it the plaintiff's exhibit? Mr. Miller represents the defendant.

Mr. Fulwider: We will offer it in evidence then, your Honor.

The Clerk: Exhibit 21.

(The exhibit referred to was received in evidence and marked as Plaintiff's Exhibit No. 21.)

[See page 751.]

(Testimony of Joe Kerley.)

Q. (By Mr. Miller): This agreement provides in paragraph 3:

“Franklin C. Wolfe Company, Inc., agrees that during the period of this agreement no competitive line of products shall be handled by that organization except by written authority of Rubber Teck, [488] Inc.”

Did you have any information as to whether or not the Franklin C. Wolfe Company was handling a competitive product in 1953?

Mr. Fulwider: I object to that, your Honor. That is entirely beyond the scope of the testimony yesterday. It may be material, but it is part of the defendant's case. I think we shouldn't go clear far afield here. We would like to get the plaintiff's case before the court.

The Court: Objection overruled. He said yesterday that the reason was the lack of orders. Now he says this morning that there is another reason. I would like to have the two reasons together.

Mr. Fulwider: That's all right, but I raise the objection at this time so that we don't go clear off into some other agreements here and get far afield from the direct examination yesterday.

The Court: May I ask this witness a question? Let me have the agreement, will you?

The Witness: Yes, sir.

The Court: Was one of the reasons that you ceased to make these fasteners because you were of the opinion that Franklin C. Wolfe was not

(Testimony of Joe Kerley.)

carrying out the agreement which has been marked here as Exhibit 21?

The Witness: Yes, sir. We didn't think they were [489] carrying out the agreement. However, we continued to make the Lock-O-Seals up until the time the orders slacked off. This sales contract was cancelled out.

The Court: Even though you didn't think they were living up to the agreement, you continued to work under the agreement until the orders slacked off?

The Witness: As far as I remember.

The Court: Then really and truly the reason you gave yesterday as to why you ceased to operate, that is the lack of orders, was really the true reason?

The Witness: Yes, sir, that is the main reason, as far as I know.

Q. (By Mr. Miller): The lack of orders was due to the fact that Franklin C. Wolfe Company——

The Court: Now, let's don't argue the matter. This witness has testified. I am satisfied with his testimony.

Q. (By Mr. Miller): Did Rubber Teck manufacture for Rohr any other rubber articles besides O rings for Lock-O-Seals?

A. Yes. We manufactured some products for Rohr Aircraft.

Q. Were they tested by Rohr? Did Rohr make tests on those other articles?

(Testimony of Joe Kerley.)

A. Well, I would assume so. They wanted to know whether they worked right or not or they wouldn't continue to [490] order.

Q. Did you get copies of such test reports on these other articles?

A. I would say we had some copies of the tests run on the rubber to make sure it stood up to their specifications.

Q. All of the rubber that went into the O rings for Lock-O-Seals you made for the Wolfe Company was identified by what number?

A. Mostly by RT-1007.

Q. And you obtained that RT-1007 from what source?

A. We bought that from the Wolfe Company.

Q. Bought the raw rubber and compounded it?

A. The rubber compound, after it was compounded.

Q. Referring to Exhibit 7, do you know whether or not copies of these data sheets were distributed to the trade?

The Court: What is Exhibit 7? What does it refer to?

Mr. Miller: Franklin C. Wolfe.

The Court: I know, but what material? Was it rubber of what?

Mr. Miller: Sizes.

The Court: Sizes, you say?

Mr. Miller: Yes.

The Court: All right.

(Testimony of Joe Kerley.)

The Witness: You asked me if I knew whether that [491] was distributed or not?

Q. (By Mr. Miller): Yes.

A. Yes, I would say I did.

Q. And were they distributed to the trade?

A. Yes, I just said they were.

Q. On the matter of molds for making up Stat-O-Seals, did the Franklin C. Wolfe Company ask Rubber Teck to submit a bid for making those molds?

A. Yes.

Q. And that request for a bid to make the molds for the Stat-O-Seals occurred before or after you had delivered Duo-Seals to Reischauer?

A. To the best of my recollection, it was after.

Q. And did Rubber Teck submit a bid?

A. I believe we did, but I am not too sure, Mr. Miller.

Q. Whose province at Rubber Teck was that?

A. That would have been Mr. Grass' province to submit bids on molds. [492]

* * * * *

Cross Examination

Q. (By Mr. Williams): Mr. Kerley, you testified yesterday that the first time you met Mr. Gross was in 1941, that is true, just to refresh your recollection?

A. I believe that was the year.

Q. At that time you stated you were working for McClatchie Engineering?

A. McClatchie Manufacturing.

Q. When did you go to work for McClatchie Manufacturing?

A. 1936.

(Testimony of Joe Kerley.)

Q. You also stated yesterday that during the time you were with McClatchie Manufacturing in the oil tool business, manufacturing of oil tool parts and equipment, that you became acquainted with the O ring sealing principle in the oil fields.

A. That's right.

Q. Do you recall how long prior to your meeting with Mr. Gross you became acquainted with this principle?

A. Well, if I met Mr. Gross in 1941, I would say it was five years, approximately. [493]

Q. Approximately five years before. You used the term yesterday "countersink." The first time I heard the word "countersink," I didn't know what it was. I am still not sure. Will you please go to the board and show the court what you meant by the term "countersink" as applied to a sealing principle?

A. (Witness going to blackboard.) Well, I suppose most everyone knows what it is. We will assume this is a solid piece of metal. Thickness has nothing to do with it. These two planes here are equal, which I haven't got them drawn equal, and if you countersink any depth down into here, I mean if you bored a hole down into it, it would be counted as a countersink.

Q. You stated yesterday that you said to Mr. Gross, I believe these were approximately your words, "Why don't you"——

You stated to Mr. Gross he should drop a rubber O ring into a countersink.

(Testimony of Joe Kerley.)

A. That was it.

Q. Would you draw for the court, if you can, a diagram of what you meant.

A. If you countersunk on a straight line which gives these square sides and you dropped a rubber O ring into here, this isn't going to be round, you have your bolt through here, the head of your bolt up here, and you drop a washer underneath here, my idea is you would get the same compression, you [494] would retain the O ring here and here the same as you did in a metal washer, retainer.

Q. All right.

A. You get the same sealing action.

Q. Thank you, Mr. Kerley. You may resume the stand.

(Witness resuming the stand.)

Q. You have been working with Lock-O-Seals for a number of years, is that true?

A. Yes, sir.

Q. You have been selling them for a number of years or you have been manufacturing them, I should say.

A. Manufacturing for a number of years, yes.

Q. In your opinion, is there any difference in principle between what you have described on the board here as a countersink and the principle of the Lock-O-Seal?

A. Not any principle of sealing. It would seal the same.

Q. Same result? A. Yes.

Q. You would have expansion in the rubber in

(Testimony of Joe Kerley.)

all four directions such as you have in the Lock-O-Seal? A. Right.

Q. You would have an outside retainer similar to the metal washer? A. Right. [495]

Q. Now, Mr. Kerley, going back to the day, calling it the day you referred to as the day of the invention, you made the statement from the stand yesterday that there was a sack of rubber O rings on Mr. Gross' desk.

A. That's right. There was quite a number of O rings around.

Q. Did McClatchie Manufacturing Company manufacture O rings for Rohr at that time?

A. Not in any quantity. We furnished a few. I believe we even furnished a few that they used in the Lock-O-Seal or Duo-Seal at that time, or screw seal, whatever they call it, screw seal.

Q. Do you happen to remember whether or not the rings that were in this bag on Mr. Gross' desk had been manufactured by McClatchie?

A. No, I don't believe they were manufactured by McClatchie.

Q. Do you know if McClatchie manufactured rings of the same size that were in the bag?

A. We did manufacture rings of that size.

Q. Do you recall the size of the rings?

A. I mentioned it was a quarter inch O ring.

Q. Were those O rings in that bag used in this experiment or this work you and Mr. Gross entered into that day you testified to the other day?

(Testimony of Joe Kerley.)

A. I couldn't swear to that, but I believe they were.

Q. Would you tell me what you meant when you stated yesterday that you turned out a washer?

A. Yes. To the best of my recollection, there was a washer turned out.

Q. This is the day that you had the discussion with Mr. Gross?

A. As well as I remember, it was the same day. The metal washers were turned out.

Q. What do you mean by turned out?

A. The i.d. of the metal washer——

Q. That is the inner diameter?

A. The inner diameter, the i.d., was turned out to fit the o.d. or outer diameter of the O ring.

Q. That was in the bag?

A. That was in the bag.

Q. Then what did you do?

A. They were applied, so far as I remember, right to the application right there for test.

Q. Applied to this tank that was in the lab?

A. Yes.

Q. Do you recall from what airplane that tank came?

A. I believe they designated them at that time as Coronados. I don't remember the government number of them, but Coronados. [497]

Q. Were you familiar at that time that Rohr had a contract for reconversion of Coronados?

A. Well, I am not too sure whether I under-

(Testimony of Joe Kerley.)

stood it or not. I assumed they had by having the plane. The plane, as I remember, was right outside on the ramp, as it came up out of the water.

Q. And the wing of the tank of that plane was in the laboratory?

A. That is what I understood at that time.

Q. Did you take these washers and O rings and apply them to the tank at that time?

A. I didn't myself, but my recollection is it was done right there.

Q. Do you remember how many?

A. Well, I would say between possibly six and a dozen of them, between six and 12.

Q. Were they applied to the tank proper or were they applied to a door of the tank?

A. That I don't remember. I only remember it was applied to what I would call the overall of the tank.

Q. Was a test put on?

A. Yes, if I remember right.

Q. Do you remember what kind of test?

A. A pressure test.

Q. What is a pressure test? [498]

A. A pressure test would be to build your tank up to a certain amount of poundage.

Q. Inside the tank?

A. Inside the tank, the internal pressure.

Q. Was that done with air or liquid?

A. It must have been done with liquid because as well as I remember it stopped the leaks, and I don't believe that was done with air.

(Testimony of Joe Kerley.)

Q. Do you recall in the test there were some bolts with O ring washers and some without?

A. As well as I remember, the only ones that had them were somewhere between six and 12 of them and the rest of them were not. The ones that had the seal at that time, which didn't have a name at that time, under them, if I remember right, did not leak, and the rest of them did.

Q. You saw that? A. I saw that.

Q. You stood there and watched it?

A. Yes.

Q. That followed a discussion between you and Mr. Gross where you suggested countersinking and he suggested the metal washer?

A. That was after the discussion.

Q. Yes.

A. That was a test made after that discussion.

Q. When is the first time you heard of the name Mr. Cornwall?

A. The first time I heard the name Mr. Cornwall was in the deposition.

Q. Are you familiar with the fact that the plaintiff in this case contends that the patent in suit was originated by Mr. Gross and a Mr. Cornwall?

A. I am now, yes.

Q. You never heard of that name before until the deposition?

A. If I did, I couldn't recall it at all.

Q. You don't know of any Mr. Cornwall that was there the morning or the afternoon of this discussion we talked about?

(Testimony of Joe Kerley.)

A. If he was there, I don't remember being introduced to him. I don't remember him at all.

Q. Are you aware that Mr. Cornwall made a statement in his deposition that the idea of the Lock-O-Seal and the metal washer around the O ring was 100 per cent his?

Mr. Fulwider: I object to that. We are getting way outside the scope.

The Court: Sustained.

Q. (By Mr. Williams): Mr. Kerley, when you and Mr. Gross called on Mr. Shepard after you had been advised by Mr. Gross that Rohr Aircraft was applying for a patent, do [500] you recall whether or not Mr. Gross or Mr. Shepard or both of them indicated to you by words or by conduct that they believed you had an interest in that patent?

A. Well, if I remember right, I believe Mr. Gross mentioned it to Mr. Shepard, that I had had something to do possibly with the idea. Now, whether Mr. Shepard knew anything about it before that time or not, I can't say.

Q. Do you recall what Mr. Shepard stated in reply to that, your position on the patent?

A. I don't remember the words. There was something come up to the effect that, I believe, it was too late for me to get in on the patent, which I didn't ask for, didn't figure, possibly, I had put in enough to have a patent myself, but I do believe Mr. Shepard's words were pretty close to this,

(Testimony of Joe Kerley.)

that they could issue me manufacturing rights on it.

Q. But they couldn't put you on the patent?

A. He could have said that. [501]

* * * * *

Mr. Williams: I have just one more question.

Q. You previously testified, Mr. Kerley, that you received data sheets from Rohr directly or from Rohr through the Wolfe Company in reference to Lock-O-Seals. A. Yes, sir.

Q. The data sheets have the dimensions, and so forth, on them? A. Yes.

Q. You testified, I believe, as to one data sheet, Exhibit No. 1, and I believe the question put to you was, was this typical of those you received, and you answered yes. A. That's right.

Q. Can you tell me if from these data sheets, and this question is based on your many years of manufacturing, could you from these data sheets design and produce a Duo-Seal?

A. I don't believe from that data sheet as the Duo-Seal is made today that you would design it or could design it from that data sheet.

Q. You couldn't do it?

A. Couldn't do it.

Mr. Williams: I have no further questions. Mr. Fulwider, anything further?

Mr. Fulwider: Yes, a few. [515]

Redirect Examination

Q. (By Mr. Fulwider): Now, Mr. Kerley, as I

(Testimony of Joe Kerley.)

understand it, you met Mr. Gross in his office down at Rohr one day in 1944, the day you had the conversation about the countersink, is that correct?

A. That's right.

Q. What time of the day was it?

A. I believe I stated before it was either around 10:00 o'clock in the morning or somewhere around 2:00 in the afternoon. I can't be too sure of that.

Q. You think it was either 10:00 o'clock in the morning or 2:00 o'clock in the afternoon?

A. Somewhere around there.

Q. Which was it?

Mr. Williams: He has already testified that he can't remember which it was.

Q. (By Mr. Fulwider): You don't remember whether it was morning or afternoon?

A. No, sir.

Q. You had a conversation with Mr. Gross. What did he tell you about the sealing problem?

A. He mentioned the fact that they had a sealing problem on, as I call it, a tank.

The Court: Didn't we go into this on direct examination? [516]

Mr. Fulwider: No, your Honor, we didn't go into any of this. This was entirely brought up by Mr. Miller yesterday afternoon.

The Court: All right.

Q. (By Mr. Fulwider): What did he say, what kind of sealing problem?

A. A sealing problem around the bolts, leakage around the bolts.

(Testimony of Joe Kerley.)

Q. What did he say about what they had done to solve this problem?

A. I believe I have already stated that they said they had tried most everything in the way, as I mentioned yesterday, from sealing compounds, what are called gunk, that is the nickname for it.

Q. They tried gunk? A. Yes.

Q. What else had they tried?

A. Well, I can't name any specific thing. I understood from Mr. Gross' conversation that day that they tried several ideas.

Q. I would like to get not just your understanding from his conversation, but do you remember anything else he said as to what they had done, or the details or the problem?

A. No specific problem that they had worked out on, no. [517]

Q. What did you say to him about the problem when you and he were sitting in the office, do you remember?

A. What did I say to him about the problem?

Q. Yes. Do you remember what you said in this conversation in the office?

A. I am not going to say whether it was in the office or whether it was after we walked out to the particular problem at this time on this tank.

Q. But it started in the office?

A. It started in the office.

Q. How long were you in the office? A short time or a long time?

(Testimony of Joe Kerley.)

understand it, you met Mr. Gross in his office down at Rohr one day in 1944, the day you had the conversation about the countersink, is that correct?

A. That's right.

Q. What time of the day was it?

A. I believe I stated before it was either around 10:00 o'clock in the morning or somewhere around 2:00 in the afternoon. I can't be too sure of that.

Q. You think it was either 10:00 o'clock in the morning or 2:00 o'clock in the afternoon?

A. Somewhere around there.

Q. Which was it?

Mr. Williams: He has already testified that he can't remember which it was.

Q. (By Mr. Fulwider): You don't remember whether it was morning or afternoon?

A. No, sir.

Q. You had a conversation with Mr. Gross. What did he tell you about the sealing problem?

A. He mentioned the fact that they had a sealing problem on, as I call it, a tank.

The Court: Didn't we go into this on direct examination? [516]

Mr. Fulwider: No, your Honor, we didn't go into any of this. This was entirely brought up by Mr. Miller yesterday afternoon.

The Court: All right.

Q. (By Mr. Fulwider): What did he say, what kind of sealing problem?

A. A sealing problem around the bolts, leakage around the bolts.

(Testimony of Joe Kerley.)

Q. What did he say about what they had done to solve this problem?

A. I believe I have already stated that they said they had tried most everything in the way, as I mentioned yesterday, from sealing compounds, what are called gunk, that is the nickname for it.

Q. They tried gunk? A. Yes.

Q. What else had they tried?

A. Well, I can't name any specific thing. I understood from Mr. Gross' conversation that day that they tried several ideas.

Q. I would like to get not just your understanding from his conversation, but do you remember anything else he said as to what they had done, or the details or the problem?

A. No specific problem that they had worked out on, no. [517]

Q. What did you say to him about the problem when you and he were sitting in the office, do you remember?

A. What did I say to him about the problem?

Q. Yes. Do you remember what you said in this conversation in the office?

A. I am not going to say whether it was in the office or whether it was after we walked out to the particular problem at this time on this tank.

Q. But it started in the office?

A. It started in the office.

Q. How long were you in the office? A short time or a long time?

(Testimony of Joe Kerley.)

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Q. But it started in the office?

A. It started in the office.

Q. How long were you in the office? A short time or a long time?

(Testimony of Joe Kerley.)

A. Probably a short time. We might have discussed some other matters before this came up.

Q. You don't recall anything about that conversation in the office except Mr. Gross said they had a sealing problem? A. That's right.

Q. When you went out of the office, where did you go from there?

A. If I remember right, his office was just off one of their lab rooms or testing rooms, whichever you would like to call it, and I believe at that particular time this tank was in this room adjacent to Mr. Gross' office.

Q. Was this a large room, small room? What was it, shop, test room, or what? [518]

A. I would call it one of their test rooms, where they worked out their different tests on some problems.

Q. Was there equipment in there? Was there test equipment in that room?

A. That I don't remember.

Q. You don't remember?

A. That's right.

Q. What was in the room? Do you remember anything that was in the room?

A. No. At that particular time Rohr Aircraft was moving their lab around quite a bit.

Q. The answer is you don't remember?

Mr. Williams: Let him answer the question.

Mr. Fulwider: He said no. I don't think the rest of it is particularly important.

The Court: I think we will make more progress

(Testimony of Joe Kerley.)

if he would answer the question and not volunteer a lot of information.

Mr. Fulwider: That was my thought, your Honor.

Q. The answer was no, you don't remember?

A. That's right.

Q. How big was that room?

A. Possibly 15 by 20, possibly 24 by 30 average. I didn't measure it.

Q. You say there was a tank in the room. What sort of [519] a tank?

A. I said it was what I call a tank in the room.

Q. What do you call a tank?

A. I would call a tank a container that would be like on your car for handling gasoline or an airplane for the fuel that goes through the motors of the plane.

Q. How big was this tank?

A. That I can't answer.

Q. Approximately how big, 10 feet, 2 feet?

A. It could have been anywhere from 2 feet across to 10 feet long, 6 feet long. I didn't pay too much attention to the tank.

Q. Was it a tank out of an aircraft?

A. Out of an aircraft?

Q. Yes.

A. I understood it was. I didn't see it taken out.

Q. Are you familiar with tanks in aircraft?

A. Not too familiar, no.

Q. So you don't know whether it was a tank that came out of an aircraft or not?

(Testimony of Joe Kerley.)

A. I wouldn't swear.

Q. It could have been two feet long or 10 feet long?

A. That is what I said.

Q. You are not sure which?

A. I am not sure which. [520]

Q. How high was it?

A. Oh, possibly two feet high if it was laying on the floor. I am talking from the bottom of the tank to the top. Now, that is merely a guess with me.

Q. About how broad was it?

A. I believe I have already said approximately maybe two or three feet. I am not sure about that, Mr. Fulwider.

Q. Whereabouts in this room was this tank located?

A. Well, I would say approximately the center. I could give you quite an answer on that, but I won't.

Q. That is a sufficient answer. Who was present in this room when you walked out with Mr. Gross?

A. I couldn't name anyone that was present. Mr. Gross is the only one I knew by name at that time.

Q. How many people were there in the room when you and Mr. Gross walked up to this tank?

A. Three, four.

Q. You don't know the names of any of them?

A. No, sir.

Q. Had you ever seen any of them before?

(Testimony of Joe Kerley.)

A. Yes. I am sure I have seen some of them before because I was in the laboratory considerably.

Q. Do you know whether they were engineers or mechanics? A. That I couldn't tell you.

Q. What did you do when you and Mr. Gross joined these [521] gentlemen at the tank?

A. That was when the idea come up of trying to seal it with a rubber O ring. If I remember, we took some of the O rings off of Mr. Gross' desk out there with us.

Q. Who is "we"?

A. Mr. Gross and myself.

Q. In his pocket or in his hand?

A. I don't remember whether he took them or I took them.

Q. Then what did you do when you got out to the tank?

A. As I say, the idea came up. If I remember correctly, I mentioned it.

Q. Just a minute. You say the idea came up. What did you say to Mr. Gross and what did he say to you when you got to the tank? Did he explain the problem to you?

A. Yes, he explained the problem that they were leaking around the bolts.

Q. Did he show you the bolts in this tank that were leaking?

A. I don't know as he pointed out any specific bolts, no.

Q. Was there liquid in the tank then?

(Testimony of Joe Kerley.)

A. I am not sure of that. I took Mr. Gross' word for it that they were leaking. That was all that was necessary.

Q. You didn't see any leaky bolts at that moment? [522]

A. I don't remember.

Q. What did you say to Mr. Gross then?

A. Well, we were discussing the possibility of an O ring under the head of the bolt for sealing. I brought up the suggestion that if the metal was thick enough to countersink, which it wasn't and I admitted that, and also that the tank was too bulky, you couldn't get it under a machine for countersink, that if you dropped a rubber O ring in that to contain it, it would stop the leak.

That was when I believe immediately or very shortly after that Mr. Gross came up with the idea, and it was Mr. Gross' idea; I will put it this way, he is the only one I heard voice the idea of putting a metal washer or retainer around the O ring.

Q. Did any of the other people say anything at this conference?

A. I imagine there was some conversation going on, but I don't remember any of it except Mr. Gross' idea of putting the rubber O ring in. Nobody else mentioned it to me at that time.

Q. What did you say when he suggested that?

A. I told Mr. Gross I believed he had a good idea and I believed it would work.

Q. With reference to this countersink, the sketch you made on the board, does that illustrate

(Testimony of Joe Kerley.)

what you say you suggested [523] to Mr. Gross at that time?

A. That illustrates it but I didn't make any sketch of it at that time. It wasn't necessary.

Q. Did you ever see a construction like that sketched there, as you have sketched it, on a pump?

A. Not exactly. Well, it would be under the same circumstances, yes, for sealing.

Q. Did you ever see one? A. Yes. [524]

* * * * *

Q. (By Mr. Fulwider): Then what was done? Somebody brought some bolts and washers back. Did they have on rings at the time?

A. Wait. You will have to ask that again. I started to answer one question and then you came in with another one.

Q. What was done immediately after the return of somebody with bolts and washers?

A. Again, to the best of my recollection, they were put under the head of the bolt and applied as the Lock-O-Seal is applied today, as I understand it, and to the best of [526] my recollection it stopped the leak of the bolts that the seal was installed under.

Q. You say there are—there were about six to a dozen installed on this tank at that time?

A. I believe that is correct.

Q. Were there open holes there waiting for somebody to put a bolt in them?

A. Mr. Fulwider, I don't remember that.

Q. You don't recall whether they had to take

(Testimony of Joe Kerley.)

out some other bolts first and put these new ones in?

A. I am not saying that they put any bolts in. They might have taken the old ones out and put the old bolts back in that were leaking.

Q. You don't recall? A. I don't recall.

Q. You don't recall whether there was any liquid in the tank prior to this operation?

A. I don't remember whether there was when Mr. Gross and I walked out there. There must have been liquid in the tank before, because they said the bolts were leaking.

Q. Was this a test tank specially made up to test sealing devices?

A. I understood it was a tank out of a Coronado patrol bomber.

Q. Regular wing tank? [527]

A. That was my understanding.

Q. Do you remember who tightened the bolts up? Who did this demonstration? Was it Mr. Gross or was it somebody else?

A. No, sir, I don't.

Q. Do you remember how much later this demonstration was after you first went out there to this room?

A. I believe I stated it was a short time later, maybe an hour, two hours.

Q. How was the test, the pressure test, run on this tank?

A. Mr. Fulwider, I believe I stated that I did

(Testimony of Joe Kerley.)

not know whether it was—I believed it was a fluid instead of air, but I am not sure.

Q. As I understand it, there was liquid in the tank or they put liquid in the tank. How did they run this pressure test?

A. I believe I stated.

Q. What did they do to find out where this thing was going to leak other than putting liquid in the tank?

A. You have got to have so much pressure in the tank, unless you have a gravity leak. If your bolts are on top of the tank, you would have to have pressure against the fluid.

Q. I understand. I am asking you how did they apply the pressure to the tank to test the seals at this time.

A. How did they apply the pressure? [528]

Q. Yes.

A. You have got me there, Mr. Fulwider.

Q. You said you saw them put on a pressure test.

Mr. Williams: The witness has stated three times that he doesn't know, counsel. I think that should be sufficient.

Q. (By Mr. Fulwider): Then you don't know?

A. No, I don't know just exactly how they put the pressure to the tank.

Q. Did you see them put pressure on the tank?

A. Mr. Fulwider, that has been a long time ago.

Q. I realize that.

A. And I have stated that they did test the tank.

(Testimony of Joe Kerley.)

Q. Your testimony is that you saw them test the tank right there in front of you.

A. I believe that's right.

Q. That is your best recollection now?

A. That is my best recollection.

Q. Then what happened after they tested the tank? Did you stay around some more?

A. I don't believe so. I usually came back to Los Angeles every day, I mean every day that I went down there, or the same day.

Q. Did you and Mr. Gross discuss this test after it was accomplished? [529]

A. I don't remember any discussion about it at the time.

Q. How long did that test run, do you recall that? A. No, sir.

Q. Was the test still going on when you left?

A. I am not sure.

Q. You are not sure whether you and Mr. Gross discussed it after the test had run or not?

A. I don't remember any discussion.

Q. Do you remember what time you left?

A. No, sir.

Q. Do you remember anything else that happened that day? A. No, sir.

Q. Do you remember any other discussions you had with Mr. Gross, other than the ones you have testified to here? A. No.

Q. That day.

A. I don't remember any specific discussion. There was probably other things came up. Mr.

(Testimony of Joe Kerley.)

Gross and I worked pretty close together on other things.

Q. But you don't remember any other conversation that day? A. No specific conversation.

Q. Do you remember in what month in 1944 that was? [530]

A. No, sir, I couldn't tell you.

Q. Can you tell me what part of 1944 it was?

A. I believe it was in the first part of 1944, somewhere around there.

Q. What do you mean by the first part?

A. What would you call the first part?

Q. I am asking you. [531]

* * * * *

Q. (By Mr. Fulwider): Well, I will ask you a question, now, then, did you bring this matter up with Mr. Gross, of your alleged contribution to this invention, by telephone or in person?

A. I believe it was on the telephone, during the conversation at the same time that Mr. Gross informed me they were applying for a patent application or going to apply for a patent application.

Q. That is when you heard that they were going to file one? A. That is right.

Q. And will you tell us when that was, what month it was?

A. Well, again to the best of my recollection, it was shortly afterwards. I believe that it was in two to four weeks after the day they tried them out.

(Testimony of Joe Kerley.)

Q. Exactly what did you say to Mr. Gross in this conversation over the telephone?

A. Well, I believe it was as I stated, in more or less a kidding way, "They can't do that, that is our idea."

Q. Did you say anything else to him, if you recall?

A. There was nothing further then, other than Mr. Gross said, "If you come down, come down and we will discuss it."

Q. Is that all that was said? [532]

A. I believe that was all that was said in that particular conversation.

* * * * *

The Court: When did you first know that Mr. Gross had applied for a patent, personally; that is, you said personally applied for a patent?

A. Well, I never did know that Mr. Gross personally, himself, applied for a patent, your Honor. He was working for Rohr Aircraft, and usually the company applies for the patent. They may leave it in the man's name who thinks it up, but I never did understand specifically that Mr. Gross applied for a patent for himself. I always understood that it was Rohr that applied for a patent. [533]

* * * * *

Q. (By Mr. Fulwider): Now, calling your attention to your deposition, Mr. Kerley, we will turn to page 12, line 17. It states there—first, question on 16:

(Testimony of Joe Kerley.)

“Would you explain what those circumstances were?

“Answer. Well, I happened to be there one day calling on Mr. Gross in the lab, and they brought this fuel tank in—I would call it—from one of the plants, leaking badly”——

The Witness: Could I butt in here for a minute?

Mr. Fulwider: Yes.

The Witness: I believe that this was either misprinted or I stated it wrong. I meant from the plane instead of their plant.

Mr. Fulwider: The “plane.” I wondered about that. We will accept the correction.

“——leaking very badly, and there were several fellows around, trying to figure out an easy way to seal it, and before the thing was finished, the idea of this Lock-O-Seal came up.”, and did you so testify in your deposition?

A. That is right.

Q. Now, then, on page 15, line 3,

“Question. What did you have to do with the idea?

“Answer. Well, if I remember right, the day that they brought it in there, we were playing around with some [536] rubber O rings, and someone brought up the idea—I do not remember exactly who, but I think it was myself—and of course, we couldn’t counter-sink and drop a rubber O ring around the heads of the bolt, and the idea came up of putting a washer around it to act as a counter-sink. To the best of my knowledge, that is the way

(Testimony of Joe Kerley.)

the Lock-O-Seal was born. I was under the impression that it was Mr. Gross' idea for the washer, which came from the idea of the counter-sink and dropping it in."

Did you so testify? A. Yes.

Q. Now, as of the time of the taking of this deposition in May of 1956, you said that you don't remember exactly who had the counter-sink idea, you thought, then, that it was you. Now, I take it that you are sure, now, that it was you?

A. I remember bringing it up, and as I stated the other day, the idea wasn't exactly mine, because I had seen it before. I mean it didn't flash into my mind all of a sudden.

Q. Now, today or yesterday, you are positive that you brought up this counter-sink suggestion in your conference with Mr. Gross?

A. Yes. I am sure.

Q. All right. Now, then, after this telephone [537] conversation with Mr. Gross, you went down to San Diego? A. That is right.

Q. And I believe you said it was a week or thereabouts after? A. A week to two weeks.

Q. Yes. A. Possibly a little longer.

Q. And you place it around a month after you had this conference at the tank, shall we call it?

A. I believe I said two weeks or a month.

Q. Yes. So we are about three to five or six weeks after that. That was in the early part of 1944, if my arithmetic is right, and that you would have then gone down to Rohr in about April and

(Testimony of Joe Kerley.)

had this conference with him and Mr. Shepard that you mentioned?

A. Well, I didn't pin it down to any certain month, Mr. Fulwider, because I just don't remember those dates.

Q. Well, do you have any records or memorandum that you can refer to to refresh your recollection of these events or dates?

A. No, I don't have.

Q. Nothing? A. No, sir.

Q. All right. You did state, did you not, that the call on the phone was from two to four weeks after your tank [538] conference?

A. That is right.

Q. And the tank conference, you say, was at the forepart of '44?

A. I believe it was at the early part of '44.

Q. Yes. We will say the first quarter?

A. Yes.

Q. All right. Then you went down to see Mr. Gross in about April or May, didn't you, or was it the next fall?

A. Well, as I stated, it was somewhere, as near as I remember, from two to four weeks after the testing at the tank.

Q. It wasn't the latter part of the year, it wasn't two or three months later?

A. No. I am reasonably sure it wasn't that long.

Q. Now, did you go to see Mr. Gross first when

(Testimony of Joe Kerley.)

you got to Rohr that day on this conference, this call you made after the telephone conversation?

A. I saw Mr. Gross before we talked to Mr. Shepard.

Q. Had Mr. Gross said anything to you on the telephone about going to see Mr. Shepard or anybody else?

A. I don't believe so. I believe he said, as I stated, we could come down and discuss it.

Q. All right. What did you say to Mr. Gross when you met him at this conference? [539]

A. Which conference are you speaking of?

Q. This last conference about which we are discussing.

A. When I went down after the test in the tank?

Q. After your phone call or the call at the first conference, after the phone call?

A. Well, Mr. Fulwider, I don't remember the first thing I said to him.

Q. Well, do you remember anything you said to him? A. Oh, yes, I remember.

Q. Yes. Was there anyone else present?

Mr. Williams: Will you let the man answer the question, counsel?

Mr. Fulwider: I had in mind or thought you would object for the lack of foundation and I thought I would lay it before he got the answer out.

Q. Was there anyone else present?

A. I don't believe there was right there in Mr. Gross' office.

(Testimony of Joe Kerley.)

Q. All right. Tell us what you said and what he said.

A. Well, now, we are going to speak of the conversation that was had about the Lock-O-Seal at that time?

Q. Yes. A. Nothing else.

Q. The other conversation I am not interested in. [540]

A. O.K. You asked me what I said to him first. It is hard to remember. I couldn't give it to you in exact words at all. I do know that we discussed it and after a discussion we went over to Mr. Shepard's office.

Q. You went over to discuss it? A. Yes.

Q. Do you remember the substance of what you said to him?

A. Well, I believe I said to Mr. Gross, "If anything comes of this thing in the way of manufacturing rights, I would like to get in on some of it, part of it."

Q. Did you say anything to him about thinking you were a part inventor?

A. Not that I remember, no, sir.

Q. As a matter of fact, you didn't think you were a part inventor of it?

A. I have never claimed to be a part inventor of it. All I asked for were manufacturing rights.

Q. Then, did you determine any basis upon which you thought you ought to have an interest or some rights? Were they legal, moral, equitable?

A. As well as I remember the conversation, I

(Testimony of Joe Kerley.)

told Mr. Gross that I thought he had a very good idea there and that I believed it could be applied in a lot of ways, and that I would like to get in, I figured I might have [541] contributed something to the idea, that I would like to get in on some part of it, maybe the manufacturing rights. I am not sure whether I actually said manufacturing rights or not.

Q. You thought it was going to be successful, and if it was, you would like to have a chance to merchandise it? A. Yes.

Q. And what did he say?

A. He said let us go over and talk to Mr. Shepard about it.

Q. And did you go over and talk to Mr. Shepard? A. Yes, sir.

Q. In Mr. Shepard's office?

A. In Mr. Shepard's office.

Q. And what was said at the conference with Mr. Shepard in his office?

A. Well, the substance of it was that Mr. Shepard offered me——

Q. May I interrupt, please?

A. Go ahead.

Q. Somebody had opened this conversation with Mr. Shepard, and I assume he didn't know anything about it at this point, did he? You hadn't talked to Mr. Shepard before that time?

A. I hadn't talked to Mr. Shepard, I don't believe, [542] before that time. I didn't even know Mr. Shepard before this conversation.

(Testimony of Joe Kerley.)

Q. Who opened the conversation? Did you tell Mr. Shepard you wanted something or did Mr. Gross say you wanted something?

A. I believe that is pretty clear in my mind. I believe when I went there with Mr. Gross, he introduced me to Mr. Shepard and told Mr. Shepard who I was and that I was interested in the Lock-O-Seal, possibly I had contributed a little bit of something to the idea that brought it up, and I believe Mr. Gross told Mr. Shepard he would like to see me, if it was going to be manufactured, not that these are the exact words, but, if it was going to be manufactured, he would like to see me possibly handle it.

Q. Mr. Gross said that? A. Yes, sir.

Q. And what did Mr. Shepard say?

A. I believe Mr. Shepard said he thought it could be arranged for me to have manufacturing rights on it.

Q. That was in '44, I think it was around in April, maybe, or May, 1944, the World War was going on, wasn't it?

A. It was awhile after the idea of the Duo-Seal came up—I mean the Lock-O-Seal. Pardon me.

Q. And did you do anything more after this conference with Mr. Shepard and Mr. Gross looking toward the manufacture [543] of this sealing device? A. Yes.

Q. Before the end of the year? A. I did.

Q. What?

(Testimony of Joe Kerley.)

A. I offered it to the company I was working for.

Q. You what?

A. I offered it to the company I was working for, for them to manufacture, because they had the facilities for making the metal, the O rings and all.

Q. You say you offered it to them?

A. That is right.

Q. And you suggested to them that they might want to manufacture this? A. That is right.

Q. To whom did you talk?

A. Mr. McClatchie.

Q. You didn't have that idea when you talked to Shepard, did you?

A. What idea is that, now?

Q. Of offering it to the company or for the benefit of the company?

A. Yes, that is right. I was thinking about them at that time. I figured it would be a good idea for them to manufacture. [544]

Mr. Fulwider: I am sorry. I can't find that reference at the moment. I will come back to it.

Q. Now, then, nothing came of it until after the war, your conversation with McClatchie, or did Mr. McClatchie do anything towards getting that manufactured? A. No. They didn't care for it.

Q. Well, leaving that out for the moment, I believe yesterday you said in response to questioning by Mr. Miller that in 1948, when you heard that Rohr was making or had made a contract with the Wolfe Company, that you were very disturbed?

(Testimony of Joe Kerley.)

A. That is right.

Mr. Fulwider: And that contract, I believe, is No. 91, is it not?

I am talking about this contract, Exhibit No. 91, that you got disturbed, that got you disturbed?

A. Well, I believe I stated yesterday that I wasn't too sure, but I was under the impression that I possibly heard it from Mr. Hegmann.

Q. Mr. Hegmann? A. Hegmann.

Q. Where were you when you heard it?

A. I don't remember.

Q. What were the circumstances of your hearing it? A. I don't remember. [545]

Q. Well, at the time he told you they were getting a contract, did he say anything to you about Rubber Teck continuing on the manufacture in the same way it had?

A. I don't remember whether that came up or not.

Q. You don't recall?

A. No. I am not even too sure that I heard it from Mr. Hegmann. I said I believed it was.

Q. Then, if it wasn't Mr. Hegmann, then you don't know who it was? A. No, sir.

Q. If Mr. Hegmann didn't tell you and you heard it elsewhere did you talk to Mr. Hegmann or Paul Smith or Col. Wolfe or anyone at the Wolfe Company about were they going to discontinue manufacturing this, being the Rubber Teck manufacturing of O rings for the Lock-O-Seal?

(Testimony of Joe Kerley.)

A. I don't remember having any discussion with them. It could have been, but I don't remember.

Q. You were disturbed that perhaps you weren't going to be able to continue to manufacture the Lock-O-Seals for the Wolfe Company, right?

A. I was disturbed to the extent that I wanted to find out.

Q. But you don't recall whether or not you went to the Wolfe Company to ask them what their plans were? A. No, I don't remember.

Q. As I understand it, you and Mr. Karres went down to San Diego to talk to Mr. Shepard.

A. That's right.

Q. To ask him what your status was with the Wolfe Company.

A. That's right. We figured that would be the best source to get it from.

Q. How long had you been manufacturing Lock-O-Seals for the Wolfe Company prior to this trip by you and Mr. Karres down to Rohr?

A. I don't remember. There is an interval in there where the Industrial Sales broke off some place and the Wolfe Company took over that I don't remember too much about that.

Q. But you had been manufacturing Lock-O-Seals for the Wolfe Company for quite some time before this new contract of 1948 came up, hadn't you?

A. I don't hardly think so. It is very vague to me [547] right in there some place.

(Testimony of Joe Kerley.)

Q. If you refer to Exhibit 91, I believe that is the date, November 12, 1948, isn't it?

A. Yes.

Q. Have you ever examined that contract?

A. Yes, I think I read it over.

Q. I believe you did read yesterday a portion of it that said that, "Licensee agrees not to contract for or sub-license the manufacture of sealing devices hereunder without first securing the consent of the licensor."

Do you recall reading that provision yesterday, or Mr. Miller reading it? A. Yes, sir.

Q. Were you aware of that provision in this agreement or any such provision when you went down to Rohr? A. No, sir.

Q. Whom did you talk to down at Rohr on this visit with Mr. Karres? A. Mr. Shepard.

Q. Have you been able to fix that as being before November 12th or after?

A. It was certainly before this — now, wait a minute. You have got me a little mixed up. I want to see the contract.

The Court: Here it is. [548]

The Witness: Thank you. I couldn't say whether it was before this contract, which is dated November, or afterwards, because I had not seen this contract.

Q. (By Mr. Fulwider): Do you have any independent recollection whatsoever as to when you went down to talk to Mr. Shepard and took Mr. Karres with you?

(Testimony of Joe Kerley.)

A. Well, I will try to explain that last statement I made a little bit. It must have been after this contract. I won't say that the contract was drawn up, but it must have been that they had been promised the manufacturing rights before I went down, and I imagine this was in existence before I went down.

Q. Do you know when Mr. Karres came with the Rubber Teck Company? It was in 1947 sometime, wasn't it?

A. The latter part of 1947 or first of 1948, if I remember right.

Q. This is 1948. What was it Mr. Shepard told you as to Rubber Teck's status under the contract that they just made with the Wolfe Company?

A. Mr. Shepard told me, not in the exact words the way I am going to say it, that the understanding was between them and the Wolfe Company that the Wolfe Company were to handle the sales. Now, they had manufacturing rights, but that they were in turn to give the manufacturing rights to us. I don't remember for sure whether he said Rubber Teck or to me. [549]

Q. In other words, Mr. Shepard told you that they were not going to disturb your manufacturing rights.

A. He might not have said it in that many words, but I went away from there with the very strong idea that we were going to continue to manufacture. That is what Mr. Shepard assured me of.

Q. And there had been no cessation in that man-

(Testimony of Joe Kerley.)

ufacture up to that time and he assured you you would be able to continue manufacturing?

A. That was my understanding, Mr. Fulwider.

* * * * *

Q. (By Mr. Fulwider): Mr. Kerley, this morning I believe you mentioned that during the years 1941 and 1942 Rohr had run some tests on parts sold to them or furnished to them by McClatchie. Those were purely routine tests, were they not, to see whether or not the McClatchie parts met specifications?

A. Yes, sir, that's right. They were to test the rubber compound that was used in the parts.

Q. They were purely routine tests and there were no formal reports rendered to you, were there?

A. Not that I remember.

Q. This morning I believe you reaffirmed what your testimony was yesterday, that at your request the Rohr laboratory tested various of these rubbers as indicated in Exhibits 3 and 5, reports 3 and 5, that is correct, isn't it? [557]

A. Well, I am sure it is. I don't know as I know which report is 3 and 5.

Q. That is the fact, I can assure you. These reports were sent to Wright Field to get Wright Field approval of these two rubbers which were not used in Lock-O-Seals, is that correct?

A. I am sure that is correct. They were sent for test.

Q. At the time you requested Mr. Gross to have the Rohr laboratory run these tests for you, did you

(Testimony of Joe Kerley.)

tell him that you wanted the tests so that you could qualify a rubber with Wright Field to enable you to compete with the Wolfe Company, the Rohr licensee?

A. Well, now, I might have told him I wanted them run to a test, to a government specification. We had other parts that we were using rubber in for the government or to meet a government specification, other than using them on a Duo-Seal, if we had a Duo-Seal at that time.

Q. I believe you testified, did you not, that these particular reports, or at least one of them, that you got the Rohr reports on the rubber and sent them to Wright Field for approval which were used in Duo-Seals? A. I believe that is correct.

Q. You didn't have any?

Mr. Miller: Your Honor, when I started examining this [558] witness this morning about these reports and the relationship to Wright Field——

The Court: Do you object?

Mr. Miller: Yes.

The Court: Sustained. I don't think this rubber has a thing to do with this question at all.

Mr. Fulwider: It does very much, your Honor, in this, that these people had a course of conduct. Rohr was making reports for them in connection with Lock-O-Seals.

Mr. Miller: That may be true, but that is only half the story, Mr. Fulwider. They were making reports on a whole lot of things.

No. 15884

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for the Ninth Circuit

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vs.

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CO., PAUL A. KARRES, OTTO R. GRASS and JOE P.
KERLEY, Appellees.

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VOLUME II.

(Pages 409 to 825, inclusive)

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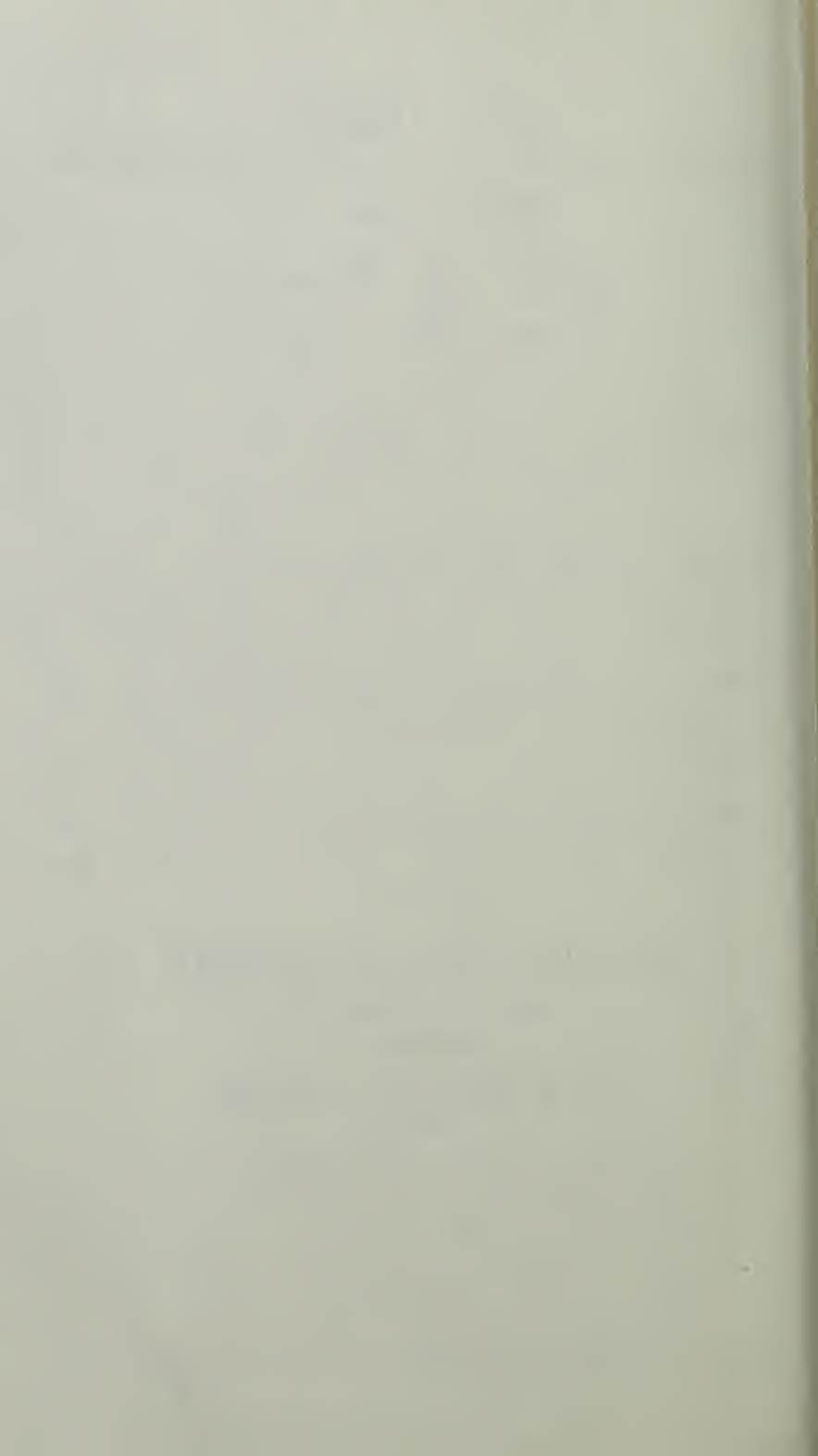
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(Testimony of Joe Kerley.)

Mr. Fulwider: Just a minute. Will you give me a chance to finish?

The Court: There is no issue in this case about the quality of the rubber or who made the report. When I went into that exhibit, I thought you were talking about the O rings and the washers rather than the content of the rubber, the contents of the O ring.

Mr. Fulwider: May I ask one more question here, your Honor, and I think it will clear up the whole situation?

The Court: All right.

Q. (By Mr. Fulwider): At the time you sent these Rohr reports, part of Exhibit 3 and Exhibit 5, that we have just been discussing, to Wright Field for approval, Rubber Teck did [559] not have a government-approved rubber that they could use in the Duo-Seal, did they?

A. I don't believe so at that time. I wouldn't be positive.

Q. The Lock-O-Seals you had been making with Wolfe compounded rubber?

A. With a rubber that Wolfe compounded?

Q. Yes, or was compounded according to specifications. A. I will say yes to that. [560]

* * * * *

Recross Examination

Q. (By Mr. Miller): Since you sold your stock as of July 31, 1954, do you have any connection with Rubber Teck in the way of advisory capacity or consulting capacity or anything of that nature?

A. No, sir, none whatever. [563] * * * * *

BERNARD GROSS

having heretofore been duly sworn, was examined and testified further as follows:

Cross Examination

Q. (By Mr. Miller): When did you first meet Mr. Kerley? A. In about 1941.

Q. He was with McClatchie? [564]

A. That's right.

Q. Was McClatchie supplying rubber goods to Rohr for use on airplanes?

A. Shortly after I met him, yes.

Q. Did you do any test work on rubber goods supplied by McClatchie?

A. Well, we did some test work. They were in effect proprietary items of our own and we tested them, not in the light of conforming to military specifications, but we tested them for our own information, yes.

Q. Did you have military specifications at that time on the rubber goods supplied by McClatchie?

A. The parts that I recall at the moment were not covered by military spec.

Q. Now, did you make any test, did you do any test work on chafing strips supplied by McClatchie?

A. Yes.

Q. Were those covered by military specifications? A. No.

Q. Did you render any reports on the chafing strips similar to these reports, oh, Exhibit 3 and Exhibit 5, for example?

(Testimony of Bernard Gross.)

A. I don't recall any such reports for the chafing strips.

Q. Now, when was it that this problem of sealing the [565] tanks on the Coronados was first presented to you?

A. As I recall it, it was summer 1943.

Q. And how was this problem known to you in 1943, made known to you?

A. Well, by way of copies of the contract which our company had. I received copies of the contract and was made acquainted with the problems involved in the contract.

Q. Do you have a copy of the contract here?

A. No.

Q. Have you seen it lately? A. No.

Q. Do you know its date?

A. Well, as I recall it, it was 1943 when I received the copy, summer of 1943.

Q. What did the contract provide for?

A. The contract——

The Court: The contract is the best evidence. If you can produce the written contract, let's have the written contract.

Mr. Miller: I don't have it, your Honor. That is part of their trade secrets, I guess. We have been trying to find out the trade secrets angle on this.

The Court: Do you have a copy of the written contract?

The Witness: No, I don't have a copy. [566]

The Court: Do you know where a copy is?

The Witness: Unless it be in the Rohr files, I

(Testimony of Bernard Gross.)

certainly wouldn't have any occasion to have it.

Q. (By Mr. Miller): Well, let's go on. Did the contract say to fix up leaky tanks?

A. The contract called for the reconversion of the PB2Y3, incorporating as one item making the center section or the fuel compartments in the center section fuel tight.

Q. What did you do towards the solution of this problem?

A. Well, the solution of the problem involved the removal of the bladder cells, the analysis of the structure itself in the center section, so that the joints could be sealed, and so that the fasteners could be sealed.

Q. You say it involved that. My question was, what did you do towards the solution of the problem?

A. Well, we solved that problem of sealing the voids and surrounding the fasteners that were involved in these fuel compartments, of which there were four in the center section.

Q. What did you do in the way of solving it?

A. Well, the sealing of the joints involved quite a bit of——

Q. No. We are confining ourselves to bolts.

A. Yes.

Q. The suit is about the bolts. [567]

A. Oh, yes, if you will. The bolts presented a problem in that we knew that it was desirable to be able to use the standard bolts that were used on the airplane so it became obvious that some device,

(Testimony of Bernard Gross.)

some new device had to be developed to seal the fasteners, and particularly the bolts in the center section.

Q. That was obvious to you as soon as the problem was presented?

A. Well, it was required by contract that we do this.

Q. Did the contract require you to devise some new device to seal around the bolts?

A. The contract required that the fuel compartments be made leak tight. In order to accomplish this, we had to seal the fasteners, yes.

Q. As I recall your direct testimony, you went first—or was it first, with some official from the Air Force and visited all the other airplane companies in the Southern California area?

A. That's right. It was a Navy engineer.

Q. What was his name?

A. Max McClay.

Q. Is that the McClay who testified in this case here a few days ago?

A. Yes, sir.

Q. The same man? [568]

A. Yes, sir.

Q. Now, you called on the other airplane companies?

A. Yes.

Q. In the Southern California area?

A. That's right.

Q. Did all these companies have similar contracts to the Rohr contract to remedy or reconvert or reconstruct the Coronado planes?

A. I don't know the nature of their contracts. I do know that they had similar problems. I do

(Testimony of Bernard Gross.)

know that there was attempts to provide an integral tank for the major airplane companies on the West Coast, including Douglas and Lockheed. I was aware of this situation and it was for that reason we wanted to see what was being done, and we had the opportunity to see just that.

Q. You spent how much time in going around to these other plants to inquire how they were solving the problem?

A. As I recall it, we spent either a half a day, and in some cases a day at each plant. We went through the research laboratories and talked to those that were involved in the sealing in production, too.

Q. This, I will call it junket, in which you went around calling on these different plants, took about how long?

A. Well, I would say three days. [569]

Q. You called on all the plants in three days, you and Mr. McClay?

A. There are only about four major companies in this area.

Q. So you went to only three or four plants?

A. That's right.

Q. Was that the very first thing you did when you undertook to solve this problem?

A. That was one of the first things we did.

Q. What else did you do?

A. We did some literature research.

Q. Who did that?

A. Myself and some of my assistants.

(Testimony of Bernard Gross.)

Q. Did you delegate some of that literature research to some of your assistants?

A. As far as some of the routine work of locating the abstracts, but actually going through these abstracts and analyzing the contents, I did that myself.

Q. And how much time did you spend doing that? A. I would say several weeks.

Q. Devoted exclusively to that?

A. A good deal of the time, yes.

Q. Now, during this period did Mr. Kerley call on you? A. I don't recall that at all.

Q. Did you make any inquiry of anybody in any other [570] line of work as to how they sealed around bolts against loss at high pressures?

A. Well, I don't know the type of inquiries that you now direct your question about.

Q. You had a problem here of sealing around the bolt that you were trying to solve, isn't that right? A. An urgent problem.

Q. Did you make any inquiry in any other industry, the oil tool industry or any other industry?

A. Other than aircraft?

Q. Yes.

A. That is what I was trying to find out from you. No.

Q. You didn't ask Mr. Kerley how they sealed in the oil tool industry? A. No.

Q. After you had gone with Mr. McClay to these plants and had made this literature search, then what did you do toward solving this problem?

(Testimony of Bernard Gross.)

A. We proceeded first with conference and later with making up the various, or carrying out the various ideas that we had worked out in the sealing group.

Q. What did those ideas consist of?

A. Well, we went back, for one thing, you might say, and repeated some of the various attempts we had learned about to study them more carefully.

For example, we knew that one company, Pan American, was actually, after installing a bolt, taking the bolt out and then caulking, putting a caulking coat around the head and then tightening the bolt again.

We knew, too, that there were some attempts to place a free O ring under the head.

We also know that there were several attempts at using flat gaskets under the head of a bolt.

The Court: What kind of gaskets?

The Witness: Flat rubber gaskets, synthetic rubber.

The Court: All right.

The Witness: These ideas were looked at, they were made up in cross-section and studied to better understand the problem and the nature of them or the reasons for the failures of these various types of sealing devices or sealing.

As a result of this and some thinking about what we could do when we discussed fundamentals, what we would need, then it was that what now is called the lock seal came into being.

There were several ideas tried.

(Testimony of Bernard Gross.)

Q. What were these ideas that were tried, that is what I am trying to get at.

A. We repeated the art as we knew it at the time. I have described that. There was some of our own ideas that went into the development of this Lock-O-Seal, the use of O [572] rings in the head of a bolt.

The Court: May I ask this witness a question? In your investigation relative to how this problem could be solved, did anybody suggest to you about the countersinking of the bolt?

The Witness: Your Honor, I don't recall anybody suggesting the countersinking of the bolt. I do recall that that was part of the art as we knew it, the countersinking of and fusing a rubber O ring into it.

The Court: You did know that?

The Witness: This is one of the things we found out in our searches before, at the time we started on the problem.

The Court: Then you knew through your search that there was in the art a countersinking and the use of an O ring?

The Witness: Yes. As a matter of fact, the O rings we used in countersunk voids in a bulletproof cell. As a matter of fact, we were able to obtain some of those samples and some reports on that and we found out that these O rings that were in countersunk voids in bulletproof cells had failed.

We checked this with various prime contractors that we visited. They didn't work. [573]

(Testimony of Bernard Gross.)

The Court: Did you try?

A. As a matter of fact the O rings that were made for that purpose, there were some four companies that were qualified to make such O rings, including Goodyear, and the rubber had to be such that it was resistant to the fuels at that time, but they definitely were not successful, as I pointed out before.

The Court: They definitely were not successful because of the size of the rings?

A. No. There were several things that at that time accounted for the failure, one of them being the impossibility for the O ring to be put over onto the fastener. It became seated in the counter-sunk cavity provided for it and the fastener in many cases would be installed so there would be a void between the shank of the bolt and the O ring, and there was no way for the sealing ring to adjust itself so it would hug the shank, and it is necessary to have contact against the shank as well as the other side involved.

The Court: When you were trying to develop this idea, did you make any experiments relative to the counter-sinking in the O ring?

A. Yes, we did. We did, but actually we could do very little. We did, but the thickness of the sheet metal was such that it was impossible to counter sink to any [574] significant depth. In other words, if we had a door and the thickness was only 4/1000 and we had to provide a cavity in it, say as much as 6/1000, it was physically impossible to do it.

(Testimony of Bernard Gross.)

The Court: Well, I know, but you could have carried on some experiments with thicker metals to see whether or not it worked?

A. Yes, actually we did make some seal tests in the laboratory. We found out that the self-centering zone wasn't there.

Q. (By Mr. Miller): Did you ever have a conversation with Mr. Kerley in which Mr. Kerley suggested to you that you counter-sink the metal and drop in an O ring and then put on your bolt?

A. I don't recall such a conference.

Q. What experiments did you perform that you regard as being of your own idea that led toward the development of the Lock-O-Seal?

A. There were a number of experiments including the cutting under a groove on the head of a bolt. However, the bolt in that case had to be made with a head that was in size larger than a standard bolt, and there were some disadvantages to that configuration, besides having to use a special bolt. The bolt was sensitive which meant that the bolt would fail in fatigue because of this recess that was cut into the head, [575] and so we departed from it.

There were several other configurations that were tested, a number of them.

The idea of confining rubber there became more and more apparent, that we had to confine the rubber in some device that would be self-centering and working cooperatively with Mr. Cornwall, back and forth, why, we conceived developing, actually put-

(Testimony of Bernard Gross.)

ting into practice what is now called the Lock-O-Seal.

Q. (By Mr. Miller): Now, you have described how you were cutting a groove on the underside of the head. Was that groove cut into the shank or spaced at the shank?

A. Now, we had various configurations. As I recall, one of them did start at the shank, and in another case we took the O ring away from the shank. This made an excessive large head, but it was done.

Q. Did you ever use at the underside of the head any other type of rubber ring than the O ring?

A. Well, we did use O rings in various tests that were stamped out or that we stamped out of flat sheet which, in effect, meant a cross section, a square cross section, yes, sir.

Q. You tried that? On the underside of the head?

A. We tried it out in various configurations, yes.

Q. Well, what various configurations do you mean? [576]

A. Well, across the centers, the head, or various types of grooves on the head we described a moment ago.

Q. What were the various types of grooves on the head?

A. When the groove was adjacent to the shank,

(Testimony of Bernard Gross.)

where it was away from the shank. The square cross section was tried, yes.

Q. Did you ever try a square rubber ring inside of a metal ring?

A. When we got to Lock-O-Seals, as I remember, as I recall it, we tried various cross sections. One of them was made out of flat sheet and was square, yes.

Q. You did try a square rubber ring inside of the metallic ring? A. That is right.

Q. And what was the result there?

A. Well, offhand, we had for one thing, this pinching that prevents the metal to metal contact, with a consequent loss, or a subsequent loss of torque, a tightness of the bolt. It was unsuccessful.

Q. When was such a test performed by you?

A. Well, a good deal of these tests were between the summer of '43 up to and including the early part of '44. In other words, they were carried on in the last quarter of '43 and some in the first quarter of '44. [577]

Q. Was there any written record made of these tests? A. Some of them.

Q. Do we have such a written record here?

A. I am not sure. I am not familiar with the records that are here.

Q. Oh, Mr. Fulwider hasn't shown you the various exhibits here?

A. I don't know whether I have seen them or not, but I might say this, that normally in a research laboratory, everything is recorded each day

(Testimony of Bernard Gross.)

at the end of the day, it is all signed off. In most research laboratories normally that is done. However, during the urgency of the war, this was all put aside and there were many things that were done without the normal course of recording. Every one of the personnel was working day and night, and when utilizing every moment, every possible time we had, we did away with such things as we normally would do record-wise.

Q. And did you make a written record of trying out this square rubber ring inside a metallic ring?

A. I am not sure that a written record was made of it. I am not sure just how much went into each person's lab book. Each man had his lab book and I would review them once or twice a week, and those lab books were not kept in accordance with the normal procedures, during the war. They were kept, yes. [578]

Q. Did you make any written record of testing out the rubber rings on the underside of the head of the bolt?

A. I say again, this was included in one of the sealing groups lab reports. Generally this was the case, and I reviewed these books once a week.

Q. Are those books still in existence?

A. I doubt it very much.

Q. I show you Exhibit 36. Do you know where that exhibit came from? A. Yes.

That came from what we knew as the Rohr lab sketch book.

Q. Are there other sketches in that Rohr lab

(Testimony of Bernard Gross.)

sketch book pertaining to this sealing problem, besides this sketch?

A. There are others, yes.

Q. This was merely one selected one?

A. This was one of several.

Q. Are the others here in the courtroom, to your knowledge?

A. I am not so sure as I am familiar with all of the data that has been brought here, but I can answer your question, that this is one of several sketches pertaining to this subject.

On my direction the sketches were made for the lab sketch book, when I felt there was enough importance attached to anything that was going on in the laboratory that required [579] sketches, I would direct that a lab sketch be made. And incidentally, these sketches look informal, again. This was because of the time element and we wanted some system that would not detract too much from the time of the men working.

Q. You say that you instructed Mr. Cornwall to draw this sketch? A. I did.

Q. As of 12/21/1944? A. Yes.

Q. What did you tell him?

A. Well, in discussing this particular configuration here, I instructed that he draw up a sketch and that it be followed through, that is, it be made and so forth.

Q. Is that the sole instruction you gave to Mr. Cornwall? A. Yes.

(Testimony of Bernard Gross.)

Q. You didn't tell him anything else, other than to make up a sketch?

A. Well, I might clarify it; I don't think I understand your question but——

Q. I want to know just exactly what you told Mr. Cornwall to do.

A. I will be glad to tell you.

Mr. Miller: All right. [580]

The Court: Now, before you do that, may I inquire, who was Mr. Cornwall, what position did he hold?

A. Mr. Cornwall was an experimental mechanic who worked for me in the laboratory.

The Court: Is that Leo W. Cornwall?

A. That is Leo W. Cornwall.

The Court: And he knew nothing about this invention until you gave him this sketch, is that correct?

A. Oh, no, your Honor.

This sketch here followed the initial drawings that had to do with the invention. This was one. This was a sketch that followed the initial drawings.

The Court: Let us go back, then. What was your initial contact with Mr. Cornwall?

A. Mr. Cornwall was called in and the problem of sealing fasteners was discussed with him. We spent some time exchanging our ideas and we made decisions to build this Lock-O-Seal and he was directed to make drawings from time to time of things that had to do with the Lock-O-Seals.

(Testimony of Bernard Gross.)

The Court: Well, when was he first called in, when did he first present the problem to you?

A. As I recall it, it was either the last quarter of 1943 or the early part of '43, and most likely the latter part of the last quarter of 1943.

The Court: Wait a minute. The last quarter of 1943 [581] or the first part of 1944?

A. Yes, yes.

Q. You said '43; you meant '44, didn't you?

A. I meant the first quarter of '44; I am sorry.

The Court: Well, you referred to the trip around to the various companies to see what kind of progress they were making on the rubber.

A. Yes.

The Court: When was this time you called in Mr. Cornwall; was it before you made the trip or after?

A. Following the trip.

The Court: How long after?

A. Oh, I would say about either thirty or sixty days, somewhere in there.

The Court: You mean up to that time you hadn't done anything except go around and see what the other companies were doing?

A. No. We were doing literature research and also analyzing the art as we found it to be.

The Court: Well, Mr. Cornwall was only one of many who were working in the laboratory?

A. Yes, that is right.

The Court: What was his position?

A. Mr. Cornwall was an experimental mechanic.

(Testimony of Bernard Gross.)

The Court: Did you have other experimental mechanics? [582] A. Yes.

The Court: Did any other experimental mechanics work on this problem?

A. They did work—I had two other experimental mechanics, to be sure, that worked on this project, but not on the development itself, or the thinking itself, which was between Mr. Cornwall and myself.

The Court: Well, did you suggest to Mr. Cornwall that he try putting the rubber O ring inside of a metal washer, or did Mr. Cornwall suggest that to you?

A. I think this situation involved in Lock-O-Seal, as you just pointed out, was the result of an exchange of ideas. Thinking is quite a complex phenomena, but I am sure that the final idea came as a result of our exchange of ideas and finally the jelling of our ideas into what became the device.

The Court: You would say that Mr. Cornwall was the sole inventor of this device?

A. No. I would say that he and I were jointly inventors.

The Court: All right.

Q. (By Mr. Miller): Well, now, as between you and Mr. Cornwall, who suggested putting the rubber ring inside of the metal ring?

A. Well, I will have to repeat an answer that I just gave, that as a result of the exchange of ideas, and thinking [583] that we had, that this configuration came about. We discussed it, the many possi-

(Testimony of Bernard Gross.)

bilities and it all jelled out, it jelled into what we now call the Lock-O-Seal.

Q. Well, somebody had to suggest putting an O ring inside of a metal ring. Now, as between you and Mr. Cornwall, who did it?

A. Well, I am honest when I tell you that it took the thinking of two people to have what has evolved into this device.

Q. Is that the best answer you can give?

A. The thinking processes was a dual thinking process. We went back and forth and as a result of our exchange of ideas, we came up with this.

Q. Well, what ideas did you have?

Mr. Fulwider: Well, your Honor—

The Court: Sustain it.

Q. (By Mr. Miller): What instructions did you give to Mr. Cornwall, when you told him to draw up the sketch, Exhibit 36? I would like to have you repeat those instructions word for word, if you can?

A. After our thinking was complete on this particular Lock-O-Seal that I see here, I instructed him to make a drawing and see that it was made that way.

Q. Well, then, did you tell him what to draw?

A. This again was a result of an interchange of ideas. [584] There are certain people that we use in research, to utilize their thinking, and I had selected him to become involved with me on the thinking involved and necessary to carry on with the Lock-O-Seals.

Q. Well, but now, on that date in December,

(Testimony of Bernard Gross.)

December 21, 1944— A. That is right.

Q. ———you say that you instructed Mr. Cornwall to make a sketch? A. Yes.

Q. And so he made up this Exhibit 36, is that right? A. That is right.

Q. Didn't you tell him what he should draw on that sketch?

A. I could have—what he did was the result of my instructions to make a drawing of what we jointly decided to do.

Q. Well, what did you jointly decide to do?

A. Exactly what is on this print.

Q. Did you ever make up a sample of what was shown on that print, Exhibit 36?

A. Yes, that was made.

Q. Who by?

A. By the personnel of the Rohr Laboratory.

Q. Can you name them?

A. Well, at that time there were probably six people in the group. Leo Cornwall made them, machined the retainer.

The rubber seal ring was made by someone else in the sealing group in a little press that we had there.

Then we had still somebody else who specialized in adhesives, and it was put together just this way.

Q. Was it tested?

A. This was tested, yes.

Q. And what was the result of the test?

A. The test showed that this worked, this seals efficiently.

(Testimony of Bernard Gross.)

Q. Was there a written report made on it as of that time?

A. The only report was the report of the person or the individual in the sealing group that tested this in a test seal.

Q. Was there a written report on it?

A. I say that is the only written report. The laboratory book of the individual who made the pressure test on that particular configuration is the only written report.

Q. Did you have any difficulty on that ring with the rubber extruding? A. No.

Q. Did you approve of that sketch? [586]

A. I don't know what you mean by approve of the sketch.

Q. You say you instructed—— A. Yes.

Q. ——Mr. Cornwall to make a sketch.

A. That's right.

Q. Did he make it and submit it to you after he made it? A. You mean made the sketch?

Q. Yes.

A. Yes. I was always shown the sketches.

Q. Did you approve of it as he had drawn it?

A. Yes.

Q. Did you approve of it as it is right now with the notation on it?

A. Yes. The understanding, as I recall it, was to either vulcanize it or attach it by some adhesive. It didn't make much difference as far as I could see for the purpose of this test.

(Testimony of Bernard Gross.)

Q. Did you know how to vulcanize it and make it attach to the metal at that time?

A. Oh, yes. We had been dealing with cured elasters in aircraft for years. That is what vulcanization is anyway, polymerization of rubber.

Q. Did you suggest the nature of the adhesive that was going to be used?

A. My instructions were to use any adhesive available [587] in the laboratory.

Q. Any ordinary rubber cement would be all right? A. Anything for this test, yes.

Q. Did you instruct Mr. Cornwall to show the rubber ring as being flush with the bottom of the metal ring and extruding at the top only?

A. No. It was known by he and I both that the diameter of the rubber ring had to be greater than the height of the retainer and it is so shown here.

Q. Did you instruct him to show it that way, flush with the bottom and protruding at the top only? A. No.

Q. When *you* showed you the sketch, did you approve it in that form?

A. I approved it because he knew I understood very well from our work before this drawing that the sealing ring had to be greater in diameter and centered. There are no dimensions on this. It is purely schematic.

Q. As you contemplated your screw seal, the rubber ring was to protrude top and bottom of the metal ring? A. That is correct.

(Testimony of Bernard Gross.)

Q. Why is it that this drawing is changed to protrude at the top only?

A. Well, I knew that he knew as well as I did that it had to protrude on both sides. He was well aware of that. [588]

Q. What was the purpose of making up this sketch if both of you knew all of this stuff?

A. Well, this sketch constituted an order to the laboratory and went along with an order to the laboratory to proceed to make this and test it, and the result of that test was put in the laboratory book and it was later submitted to me.

Q. In transmitting to the laboratory, was it given to somebody else besides Mr. Cornwall as an order to proceed?

A. Mr. Cornwall was given this sketch here to proceed with making up and having it tested.

Q. Why did he have to have a sketch when he made it? He knew what was on it.

A. He was not the only one involved in subsequent tests, you see. This went along with the order, with the part he made, and that is the procedure we had, so that the men knew in writing down their test reports just what laboratory sketch was involved there and I would know in turn exactly what was tested, how it was tested and what the net result was.

Q. After you made this test, what further was done with that form of construction as shown in that exhibit?

A. This particular one?

Q. Yes.

(Testimony of Bernard Gross.)

A. It was decided by a conference of the sealing group [589] that we would not go into this particular configuration at that time.

Q. Why were you proposing that particular configuration at all in December 1944?

A. There was some question at that time as to whether the mechanics would have difficulty in the installation of this seal.

Q. Which seal?

A. The Lock-O-Seal or what was then called the screw seal. It was because of this question that we investigated this configuration. However, while this was happening or while this was being tested, I should say, one of the mechanics in our sealing group came up with the idea of using a straight piece of tube to install the Lock-O-Seal onto a bolt. It worked very well and it solved the problem of installing the Lock-O-Seal. It took just an ordinary piece of tube and we didn't have any trouble after that, so we saw no reason why we should go into this at the time because of the need for making new tools and that sort of thing. In the interest of time we went right along with the two-piece Lock-O-Seal.

Q. So after testing what is shown in Exhibit 36 that was put away, forgotten and abandoned, is that it?

A. Well, it was filed, as we say in the laboratory.

Q. Did you do anything further with it, make any further samples? [590]

(Testimony of Bernard Gross.)

A. Not that I recall.

Q. You say this was quite satisfactory?

A. We found it to be.

Q. Did you have any consultation with Mr. Kerley at all pertaining to the development of the Lock-O-Seal?

A. At what time?

Q. In the course of its development.

A. Some things were probably mentioned to him, yes.

Q. Such as what?

A. That such a device was developed, that we were using them on the applications that we were using. I know he was interested in anything that had to do with synthetic rubber, always has been.

Q. Did you ever show Mr. Kerley Exhibit 36?

A. This one? I doubt it very much.

Q. Did you ever describe the construction to him as shown in that exhibit?

A. I don't recall doing that.

Q. It was never mentioned to him at any time by you, is that right?

A. That's right. We made it a practice, particularly during the war, not to talk about anything except the things—where we felt we needed some help from outside, we would mention what we were doing, and other than that we withheld information.

Q. Did Mr. Kerley at any time ask you for the manufacturing rights on the Lock-O-Seal?

A. This was discussed, as I recall it, directly after the war.

Q. Directly after the war?

(Testimony of Bernard Gross.)

A. After the war, yes.

The Court: How long after the patent or the application for the patent was this discussion held?

The Witness: I certainly talked to him after August 1945 about it.

Q. (By Mr. Miller): Did you talk to him prior to August 1945 about it?

A. I believe that we discussed some of the things about it, as I mentioned before, about the device itself, yes.

Q. Did you inform him that you had found an application for patent on it?

A. I don't recall discussing with him anything that had to do with a patent.

Q. Do you recall any discussion with Mr. Kerley that led to a discussion with Mr. Shepard?

A. Well, after the war, I did discuss the possibility with Mr. Kerley of making the Lock-O-Seal. He was interested and I had known him and I certainly tried—I helped him and made an appointment for him to discuss and negotiate for the manufacture of the Lock-O-Seals, yes. [592]

The Court: You made an appointment with whom?

The Witness: This was after the war, your Honor, after August, 1945.

The Court: I say with whom.

The Witness: With Mr. Shepard. Again I say this was after August, 1945, as I recall.

Q. (By Mr. Miller): Did you participate in the discussion with Mr. Shepard and Mr. Kerley?

(Testimony of Bernard Gross.)

A. I think there was one conference where I was present, yes.

Q. Do you recall what was said during that conference?

A. Not particularly, except what I have already told you, that I felt that Mr. Kerley was interested in the manufacture of this device. That is about all I had to do with it.

Q. Was there any statement made there at that time that Mr. Kerley had some interest in this, moral or otherwise, in the development of Lock-O-Seal?

A. No, I don't recall any such inference.

Q. Was he promised the manufacturing rights by Mr. Shepard?

A. As I knew it, Mr. Shepard was in favor of Rohr going ahead with Mr. Kerley manufacturing this device.

Q. Why was Mr. Kerley given this favor?

A. Well, for one thing, I recommended him.

The Court: Mr. Kerley didn't have any manufacturing [593] equipment, did he, that is, he was just an individual, he was working for some other firm? Why would you recommend a man without a shop to be given the manufacturing rights?

The Witness: Your Honor, I did business or I should say Rohr did business, with myself as its representative, during the war on other items which dealt with rubber. I knew of his capacity to deliver. I knew, also, that he was connected, wherever he would be connected, he would still have

(Testimony of Bernard Gross.)

that same ability and I had confidence in what he could do. I had worked with him before and he executed the designs and everything that we had asked him to do before. I had confidence that he would do the same thing.

Q. (By Mr. Miller): At the time of Mr. Shepard's promising Mr. Kerley the manufacturing rights, did Mr. Kerley have any rubber manufacturing facilities of his own?

A. As I recall it and to the best of my recollection at the moment, he was connected with, in some way he was connected with Green and Kyle.

Q. At that time? A. I believe so, yes.

The Court: Did you know him before he was connected with Green and Kyle?

The Witness: Yes, sir. I knew him while he was manager at McClatchie.

Q. (By Mr. Miller): What is the connection between Mr. [594] Kerley and Green and Kyle while he was working for McClatchie?

A. I understand he had an interest in that business and I assumed that he would become part of it.

Q. What did you have to go on to make an assumption like that?

A. Well, I knew from my conversations with Mr. Kerley that he was going to leave McClatchie, and he was interested in Green and Kyle, and I knew he would become part of it in some capacity.

Q. Did you know that he was going to submit the manufacturing rights to McClatchie?

A. I don't recall that at all. I don't recall that

(Testimony of Bernard Gross.)

at all, whether he submitted it or not to McClatchie.

Q. At the time you joined in this discussion with Mr. Kerley and Mr. Shepard, was Mr. Kerley working for McClatchie or was he working for Green and Kyle or was he not working at all?

A. Well, to my recollection I know he was dealing with Green and Kyle, and whether he was still employed with McClatchie, I can't say right now. I don't recall the details of that at all. I knew that he had this connection with Green and Kyle. Whether he was still with McClatchie or not at this time, I am not sure. My confidence in Mr. Kerley was as expressed to Mr. Shepard at the time.

Q. It was merely your confidence in Mr. Kerley as you [595] expressed it to Mr. Shepard that caused Mr. Shepard to promise these manufacturing rights, is that it?

A. You might put it that way.

Q. Mr. Shepard had nothing else to go on as to why Mr. Kerley should be given the manufacturing rights, did he?

A. Well, the executive group worked pretty closely together and I happened to be on the staff. We took each other's word pretty much without question.

Q. I don't think that answers the question. Did Mr. Shepard have anything else to go on except your recommendation?

A. No. [596]

* * * * *

Q. (By Mr. Miller): I am not quite clear, Mr.

(Testimony of Bernard Gross.)

Gross. Did Mr. Cornwall make up an actual device in accordance with Exhibit 36, or was it made up under his supervision by somebody else?

A. He made part of it.

Q. Which part did he make?

A. As I recall, he made the retainer ring.

Q. And who made up the rubber ring?

A. I had two men that operated a press for rubber products that made the ring.

Q. Did it take two men to make that ring?

A. Well, actually, two men were assigned to all rubber products, and one had to take care of the press, and the other take care of the dying, making a part.

Q. What were their names?

A. As I recall, there was a Mr. Johnson and Mr. LaVee.

Q. Now, did you ever make up any nuts with O ring seals? A. Yes, sir.

Q. When were those made up?

A. They were made up during the period of the third quarter—the last quarter of '43 and the first quarter of 1944.

Q. And who made those up? [597]

A. The same group were involved that we talked about.

Q. Well, when you say the same group?

A. The sealing group of the laboratory.

Q. That includes whom?

A. Mr. Cornwall and the other members of that group.

(Testimony of Bernard Gross.)

Q. Who were the other members of the group?

A. Well, Mr. Cornwall, Mr. Johnson, Mr. La-Vee, Mr. Shaw, and one other gentleman whose name I just can't think of at the moment.

Q. Over what period of time did they make the nuts?

A. The nuts were made over a period of some four months.

Q. Do you remember how many were made up?

A. I would say in the order of 25.

Q. Were they used?

A. They were used in tests.

Q. Were they ever used in any of the Coronado tanks of the Coronados?

A. No. It was not used on the Coronados.

Q. To your knowledge have any more nuts been made up than these 25 that you mentioned at any time?

Mr. Fulwider: By whom? You mean by Rohr?

Mr. Miller: Yes, by Rohr or somebody connected with Rohr.

A. In the period following the war, there were some [598] made up. There was a continuous project that dealt with sealing and from time to time there were some nuts made up.

Q. (By Mr. Miller): Now, how many of these Lock-O-Seals that Rohr made up were used on the Coronados?

A. I would estimate that there were some 800 per ship and there were seventy some odd ships, Coronado ships, delivered to the Navy.

(Testimony of Bernard Gross.)

Q. And how many Lock-O-Seals were made up by Rohr?

A. I would estimate somewhere between one hundred and two hundred thousand.

Q. Now, what became of the excess of Lock-O-Seals that were not used on the Coronados?

A. Well, some of them were sold and some of them were retained by Rohr for installations, various types of installations in power packages, including water injection tanks, for Lockheed, tanks for the Coronados—not that, I mean the Commandos and other airplanes.

Q. And who were they sold to?

A. Lockheed for Lode Stars and Lockheed Constellations.

Q. Who were some of the Lock-O-Seals sold to?

A. Well, they were sold to Pan American who was operating Coronados also. Some to Lockheed, various naval air bases.

Q. Sold in 1944 and '45?

A. Yes. [599]

Q. Is it necessary to have more information than is contained in your patent, in order to manufacture the seals shown in the patent in suit and have them function properly? A. No, sir.

Q. Do you recall giving a deposition in this case? A. Yes.

Q. At page 50 of the transcript of the deposition, did you not testify——

(Mr. Miller hands deposition to the witness.)

The Court: Page 50.

(Testimony of Bernard Gross.)

Mr. Miller: Page 50, line 19:

“Question. Is it necessary to have those reports in order to design this seal as shown in Figures 2 and 3 of your patent properly?

“Answer. Yes.

“Question. Without having those reports and merely looking at the drawing, you would not be able to make that seal properly, is that right?

“Answer. Yes.

“Question. What is contained in those reports, that is not contained in the drawings and specification of your patent, that is necessary in order to have the seal function properly?

“Answer. Among the things that are required for the [600] successful manufacture of such a device is the physical tolerances that must be met during manufacture.

“Question. Do you recall what those physical tolerances must be?

“Answer. No. You must remember that there were very many sizes involved. I don't believe anybody could remember such a list of tolerances and data.

“Question. Then, in order to manufacture these seals as shown in the Figs. in the patent in suit, that is, your patent, you would have to have more information than what is contained in the patent in order to make a seal that would function properly, is that correct?

“Mr. Lee: I will ask that the reporter read that question again. I believe that question has been

(Testimony of Bernard Gross.)

asked and answered. I would like to hear a previous question about three questions back and the answer to it.

“(Record read by the reporter.)

“Answer. To obtain quality standards, physical tolerances data are necessary.

“Mr. Miller: I move to strike the answer as not being responsive and ask that the question be reread and that you answer the question either yes or no if you can.

“(Question read by the reporter.)

“Answer. I believe I answered that question.

“Mr. Lee: Go ahead and answer it again. [601]

“Question (By Mr. Miller): Either my statement is correct or incorrect, one or the other. Answer yes or no and qualify it if you like. Either my statement is correct or incorrect.

“Answer. I would say yes, with the qualification noted.”

Did you so testify? A. Yes.

The Court: Now, Mr. Miller, may I ask you a question? May I ask you a question?

Mr. Miller: Yes.

The Court: Supposing you have a patent in which there are a number of drawings shown such as we have in the patent here, would those drawings have to show the tolerances? In other words, in the patent, in the drawing, do you have to show the tolerances for 1/1000 of an inch?

Mr. Miller: No, sir.

The Court: You don't have to?

(Testimony of Bernard Gross.)

Mr. Miller: No, sir.

But now there has been a question here or an allegation that we have somehow taken some trade information or trade secrets or something of that character away from Rohr or Wolfe, I don't know which, at least one of the plaintiffs.

The Court: Well, what has that to do with your question?

Mr. Miller: Your Honor, because my next question here [602] deals with the information that wasn't contained in the patent. In other words, we take the position that the patent, when it was published, made a published disclosure to the world of what the idea was. When we designed our Duo-Seal, we did not have anything to do with this tolerance business or the dimension business that they have been talking about; that we designed our own, as far as tolerance and size were concerned; that the patent made its own disclosure.

Now, there is a question here as to whether this patent makes a sufficient disclosure. The witness in his deposition said no, it didn't give you full information, they had to have a whole lot more.

The Court: You had to have the tolerances, you had to know just how accurate you were going to have the washer and O rings, and I would say from the testimony of the various witnesses that testified in this case so far, that the diameter of the O ring, that is the diameter of the ring itself, not the washer——

Mr. Miller: The cross section diameter.

(Testimony of Bernard Gross.)

The Court: —the round part, the diameter of the round part—

Mr. Miller: The cross section diameter.

The Court: —the cross section is a very important thing, because if you got too much, then there would be [603] extrusion, and if you didn't get enough, then it wouldn't fill up the cavities.

Now, I would think that the information relative to the exact cross section of those O rings is very, very important, and yet there is nothing here in the patent to indicate what those cross sections are. Do you have to do that in the patent?

Mr. Miller: Well, if the success or failure of the device as shown in the patent is dependent upon that, then the patent should tell you how to do it.

The Court: I think it is very important, because if the O rings are too big, it won't work, and if they are too small, it won't work. They have to be an exact size. In other words, there has to be just enough rubber in it to fill it up and nothing more, and if there is more, then it will extrude and it won't fit tight and if there is too little, it won't fill up the corners.

But what I am getting at, he said, or rather, the inventors say that they have to have a doughnut shaped ring, but they don't say what the cross section has to be. Do they have to say "1/16 of an inch"?

Mr. Miller: No, but I—

The Court: But do they have to say you have

(Testimony of Bernard Gross.)

to have a different cross section with every different size of a bolt or of the hole? [604]

You don't have to put that in the patent, do you?

Mr. Miller: No, no, unless it is a criterion to the success or failure of it. Then it should point out what that relationship really is.

The Court: Well, as far as I know about this patent, and I will have to admit I don't know as much about it as the inventors or the attorneys in the case, I think the success or failure depends upon the cross section of this O ring.

Mr. Miller: In relation to something else.

The Court: I know, but if there is no O ring there, it would not work, would it? If there was no O ring there, it would not work?

Mr. Miller: With just the washer, no.

The Court: Just the washer?

Mr. Miller: No. That wouldn't be his idea, no.

The Court: Well, it wouldn't work. Well, supposing they put in an O ring that is twice the size of the one needed? It wouldn't work either, would it?

Mr. Miller: That's right.

The Court: So it has got to be the exact size to work.

Mr. Miller: But the patent makes no disclosure.

The Court: My question is whether or not you have to go into minute detail like that. If you did, it would take pages and pages and pages to try to tell just what size it would have to be according to the different sizes of bolts and nuts.

(Testimony of Bernard Gross.)

Mr. Miller: But you point out the relationship, the relative proportions. If there is a certain proportion running right straight through, then you should point that out in the patent. [606]

* * * * *

The Court: I want to go back to this Exhibit No. 36, which is the exhibit of the sketch made 12/21/44. As you pointed out to the witness, the O ring in that particular sketch showed that it exceeded the diameter of the washer only on one side, that it was flush with the washer on the bottom side, but it extended above the washer on the top side.

That is correct, isn't it?

The Witness: Yes, your Honor. I am sure that both Mr. Cornwall and myself understood that the diameter of that sealing ring was to be greater than the height of the retainer, and in that contact—I don't think the drawing was made to infer that it go only out one side. After all, your Honor, we had made many of them already.

The Court: I don't know what was in the mind of the artist or the drawer. All I know is here is a drawing which doesn't show that the O ring extends beyond the washer on both sides, but extends only above the washer on one side. This was drawn and this is a part of your work, and I would [613] like to know why, if you can tell me.

The Witness: I know that this was made and that it worked and that the rubber even under that

(Testimony of Bernard Gross.)

condition there could flow in such a manner as to fill that void.

The Court: I want to call your attention to another thing here. This sketch was made on 12/21/44.

The Witness: That's right.

The Court: Your patent application was October 2, 1944.

The Witness: That's right.

The Court: Your patent application shows an O ring extending both above and below the washer.

The Witness: That's right.

The Court: Why, after you made your patent application, you made your drawings, you showed your O ring extending both above and below the washer, some months later you would make a drawing showing it extended only on one side, I don't know. Can you tell me?

The Witness: That drawing doesn't represent the Lock-O-Seal that was in current production at Rohr at that time. That represents the addition of an adhesive to the O ring.

The Court: Is that all it is trying to show?

The Witness: Yes.

The Court: The addition of the adhesive? [614]

The Witness: Yes. That is the purpose of that drawing.

The Court: You weren't trying to show the relation of the O ring to the washer?

The Witness: No. We were in production on Lock-O-Seals by that time, and all of the seals in

(Testimony of Bernard Gross.)

production had the configuration as shown in that patent.

The Court: This Exhibit 36, then, only has to do with the question of adhesion.

The Witness: That's right.

The Court: This is dated 12/21/44. When did the question of adhesion first come up?

The Witness: After they were being installed on the airplanes, there were some mechanics that found that they were having a little trouble in keeping both components together, and the question came up as to whether we could keep them together.

The Court: Was that before October 2, 1944?

The Witness: No.

The Court: It was not?

The Witness: No.

The Court: So this question of adhesion came up some time between October 2 and December 21, 1944?

The Witness: That's right, yes.

The Court: All right. Excuse me, Mr. Miller. I [615] noticed that and I wanted to clarify it before it got away from me.

Q. (By Mr. Miller): If Exhibit 36 were delivered to a mechanic to make up in your experimental department, you hand him the exhibit, say, "Here, I want this made up," what would you expect to get? Would you expect to get the O ring lopsided or protruding only from the top of the metal ring as shown in that? A. No.

(Testimony of Bernard Gross.)

Q. How is that? A. No.

Q. What would there be on the exhibit to indicate it was not to be made that way by the mechanic?

A. Well, that in effect was a Lock-O-Seal that had the sealing ring, you might say, cemented to the wall of the retainer. In effect, that is what that drawing indicated. Lock-O-Seals were in current production when that came out. This is also a Lock-O-Seal, and instead of depending on the mechanical attachment, this added an adhesive to hold it there.

Q. What is not clear to me is why, if that sketch was merely for the purpose of making a notation that you thought of putting in some adhesive and bonding by means of an adhesive an O ring to the metal, why was it necessary then to make up that sketch? Why couldn't you just make a notation, [616] "We think of attaching the O ring to the metal by gluing it in."

A. Well, actually, this is a sketch which brought out the idea of the cementing the ring and it was taken as a sketch to the laboratory to help in its production.

The Court: Let me ask another question here about this cementing of the ring. You say this sketch is for the purpose of demonstrating the cementing of the O ring to the metal, is that right?

The Witness: Yes, whether it would be of assistance to men installing these Lock-O-Seals.

The Court: One of the things that was brought

(Testimony of Bernard Gross.)

out a little while ago on the question of the proposition of countersinking in the metal was the question of the O ring wouldn't fit exactly right, wouldn't center itself.

The Witness: That's right.

The Court: If you cement the O ring to the washer, it has got to be centered, doesn't it?

The Witness: Yes, and it does.

The Court: In other words, you have got to center into the center of the O ring, that is, you have got to have as much extending over the top as you have extending at the bottom? It has to be centered.

The Witness: Well, this, like all Lock-O-Seals, will center itself, because actually, as is shown in the drawing of the patent, the inside diameter of the sealing ring is in contact with the shank of the fastener, and when you install it on a fastener, it is centered and it stays that way.

The Court: If this Exhibit 36 shows that after it was installed or cemented to the washer, it is not centered, it may not be necessary to have it centered, but that was one of the criticisms that was made a little while ago relative to countersinking, it wouldn't center itself.

The Witness: May I use the board? [618]

The Court: Yes.

(Witness going to blackboard.)

The Witness: This void represents a counter-sunk void. Now, when I put a sealing ring in here,

(Testimony of Bernard Gross.)

it is not necessarily concentric with a hole through here. Let me exaggerate it just a little bit. If the hole were here, and then the fastener was put in, the sealing ring would not be against the shank in its entire outside diameter. You would have a space here.

Now, if we took a Lock-O-Seal, as the patent drawing shows, this diameter is always such that this touches the shank of the fastener, and then when this is installed onto a fastener, this entire seal is free to float and it will of necessity center itself. It can't possibly center itself in this condition.

The Court: I don't know why, if that shaft was in the center of the indentation there——

The Witness: Because this wall here and this wall here are stationary or static, and this can't move in relation to this hole. This can move in relation to this hole. So there is a big difference there.

This is one of the things that actually occurred in attempting to use O rings in countersunk voids. You can't have concentricity. You are depending on perfect machining, which you don't always get, you very seldom get. [619]

So we have a freely floating self-centering device here, and in a countersunk void, you just can't have that because of the concentricity here. This hole is not always centered in relation to this bore here because of the manufacturing difficulties in accomplishing that.

(Testimony of Bernard Gross.)

The Court: Why couldn't it be in the center if you were careful in your countersinking?

The Witness: There are a lot of reasons for that, for this here. When this mates with other sections, there is always an overlapping of holes, and the only way that we can ever get a seal to be freely floating and hence self-centering is to have a device that is free to move with the shank, and this here cannot move with the shank.

In other words, you can't have a perfect hole for a shank of a bolt. There is some tolerance here. The bolt wants to go this way sometimes because there is another hole down here, and unless this sealing ring can move with it, you don't have contact all around the shank.

You will here in any event. It will always go with the shank.

The Court: All right, Mr. Miller. [620]

Q. (By Mr. Miller): Did you know of this distinction that you are just pointing out, now, being pictured in the application for your patent?

A. Yes, sir.

Q. You did? A. Yes, sir.

Q. Can you explain to me why you included in your patent Figure 5, which shows the nut, wherein the nut is in a recess just at the top of your counter-sink; in fact, it is in the counter-sink in the corner, isn't it?

A. May I see that patent?

Mr. Fulwider: Will you give him a copy of the patent?

(Testimony of Bernard Gross.)

A. Figure 5 is designed so that the portion or the retainer that carries the sealing ring is definitely freely floating and will follow the shank.

The Court: Well, the question was, that nut is counter-sunk, isn't it?

A. Well, your Honor, I just meant to point out that the seal is self-centering, whether it is that Lock-O-Seal there or this nut that he is talking about.

Q. (By Mr. Miller): What I am asking you about is, what is the difference between the self-centering and the nut here in Figure 5 and the self-centering of the——

A. All the difference in the world because this wall here cannot move here with respect to this shank. If this [621] shank moves, this wall cannot move with it. And with that sealing nut, you have a freely floating self-centering seal, just as I explained here. It will move with the nut in the housing, but the housing doesn't restrict it, as you will notice here from that drawing.

Mr. Fulwider: I would like to point out, your Honor, that Figure 5 is not included in the claim of the patent, that it was divided out during the prosecution, as in modified form.

The Court: Well, the question was, does he know?

A. Yes, sir.

The Court: Of this counter-sinking, or did he know of this difference at the time the application was made?

Mr. Fulwider: Yes.

(Testimony of Bernard Gross.)

The Court: And he said he did and then Mr. Miller referred him to Figure 5.

Mr. Fulwider: If the Court please, I want to make the record straight here.

Q. (By Mr. Miller): Now, you prepared in connection with this case—referring to Exhibit 1, did you prepare this?

A. That was prepared under my supervision.

Q. Is that your signature?

A. That is my signature, yes, sir.

Q. Who prepared it? [622]

A. That was prepared by Leo Cornwall.

Q. Do you know where he got these dimensions?

A. Well, these were all accomplished by both calculation and testing.

Mr. Fulwider: What is the date of that, Mr. Miller?

Mr. Miller: This Exhibit No. 1 is dated 5/18/49.

Mr. Fulwider: Thanks.

Q. (By Mr. Miller): Did he do the calculations?

A. Yes. We had to—there are formulas that are available and the patent teaches just exactly how to base your basic calculations, which has nothing to do with the manufacturing tolerances, but the basic relationship between the void and the circular sealing ring is established. One must sink the other one when it is compressed.

Q. Did you in any way participate in the calculations which led to the showing of the Figures here? A. Yes, yes.

(Testimony of Bernard Gross.)

Q. All right. Now, can you tell me in connection with a 5/16 inch nominal, how you went through the calculations to get those figures?

A. Well, basically it was obtained——

Q. I don't want basically. I want to know exactly how you did it. You say you did the calculating or participated in it. I want to know exactly what you did.

The Court: Now, Mr. Miller, will you tell me how [623] important that is in this case?

Mr. Miller: I am still ferreting out trade secret information.

The Court: Well, suppose you rely on the plaintiff to tell us what trade secrets he is thinking that you appropriated. So far you are anticipating defense in this suit.

Mr. Miller: No, your Honor. He has put in eighty odd exhibits and I am still trying to find out what we are accused of and I am in a sad position here where there may be something lurking in these exhibits that he is going to say, "This is what you took away from us." He shot at me with a shotgun and I am trying to track down each and every bullet. That is about all I can do.

The Court: If you do that, we will be here until Christmas.

Mr. Miller: That is a hard part of it. If they had only told us what they were going to accuse us of, I think we could have come up here with an agreement, an agreed statement as to a lot of the facts in this case.

(Testimony of Bernard Gross.)

The Court: I don't think this is material; this was in '49.

Mr. Miller: That is true, but this exhibit was brought in here by the plaintiffs for some reason. It is ancient history so far as we are concerned, but the plaintiffs bring [624] this in here and this is part of these Rohr reports, some of it is on our rubber and some of it is on their rubber, some of it is on rubber he tested himself.

The Court: As to those particular exhibits, what difference does it make how he calculated it, whether he calculated it by a slide rule or by paper and pencil?

Mr. Miller: Then, that certainly can't be this private, confidential information that we talk about.

The Court: I don't know whether he is contending that this is private, confidential information.

Mr. Miller: I don't know either, and I have been trying to find out since the start of this case.

The Court: I think you are anticipating something. Of course, the burden of proof is on the plaintiffs here to show that you appropriated anything. The plaintiff is going to have to say you appropriated this and that, and so on. Now, I am just as much in the dark so far as you are.

Mr. Miller: But here is a large bunch of exhibits. Lurking in there somewhere there may be something. We get accused in interrogatories answers of having taken dimensions.

The Court: Well, you are looking for an Ethio-

(Testimony of Bernard Gross.)

pian in this pile of exhibits, and whether or not there is one in there, I don't know.

Mr. Miller: Well, maybe I did, but in a lawsuit, your Honor, my experience is you can't take any chances. [625]

The Court: I don't think, Mr. Miller, you should try your case here on cross examination, and particularly anticipate what they are going to claim. It is up to them to establish it, and if they don't establish it, if they can't establish it to my satisfaction that you have taken some of their trade secrets, I will grant a motion at the end of their case, but you are fixing it so I can't grant a motion. You are trying to put in a defense here.

Mr. Miller: Well, I am really trying to ferret it out, if there is any.

The Court: Well, maybe I will have to tell you after the case what you are charged with, if you don't find that out yourself, maybe I will have to tell you. [626]

* * * * *

Q. (By Mr. Miller): Mr. Gross, in transmitting these various reports and data sheets, some of those were sent to Mr. Kerley or to the Rubber Teck people and some were sent to the Franklin C. Wolfe Company, were they? A. Yes.

Q. Now, in the course of transmitting your reports and data sheets to either concern, did you make any statement that there was information contained in them that was confidential or secret, that belonged to the Rohr Aircraft Company, that

(Testimony of Bernard Gross.)

they should not use without Rohr's consent, or anything to that effect?

A. That was not included in our letter of transmittal.

Q. Was it included orally? [629]

A. Well, I always believed that that was understood because of the contracts that we had.

The Court: Well, he didn't ask you for your belief. The question is whether it was transmitted orally. You can answer that yes or no.

A. With each report?

Q. (By Mr. Miller): With any of them.

A. Not with the reports, no.

Q. Well, did you at any time tell anybody, Mr. Kerley or Green and Kyle, of the Green Rubber & Machine Company, or Rubber Teck, that the information which you had transmitted was confidential?

A. I didn't tell them directly, no.

Q. Well, did you do it indirectly?

The Court: Well, now, you are asking him to assume. I wouldn't allow him to answer a little while ago as to his belief. Now, the answer is no. Aren't you satisfied?

Mr. Miller: Well, I will stop there.

Q. Now, the effectiveness of these seals to prevent leakage is dependent upon the pressure that the rubber exerts against metal, isn't that true?

A. Not entirely.

Q. What? A. Not entirely.

Q. Well, here, the pressure of the bolt head

(Testimony of Bernard Gross.)

against [630] the metal washer, that alone will not stop the leakage that you were trying to correct?

A. That is right, that is right.

Q. And so you put in the rubber O ring and you squeezed the rubber O ring in order to get pressure against the bolt head and against the wall of the tank, in order to prevent leakage that the washer can't stop, isn't that true?

A. Yes, but that is part of the story only. [631]

Q. Pardon my artistry, but I am going to try to duplicate your O head. Suppose that you had a metal washer with a considerable internal clearance, but still under the bolt head, and you put in an O ring like this. Here is your tank wall. So that there is considerable clearance between the outside of the O ring and the inside of the metal washer, and there was considerable clearance between the inside of the O ring and the shank of the bolt, and then proceeded to tighten up your bolt so that you squashed your O ring so that its vertical diameter became equal to the thickness of the washer. Would that be a satisfactory seal?

A. Well, satisfactory seal, as I pointed out, is dependent on more than just moving or changing the geometry in one fashion, as you just described it.

Q. Well, in the thing I have just described, you would have pressure at point, I will call it 2, and also pressure at point, I will call it 4, when you tightened up your bolt. Would that produce a satisfactory seal that would stop leakage?

(Testimony of Bernard Gross.)

A. Do I understand you right that when this is done that the geometry of the sealing ring will substantially fill the rectangular void?

Q. No. The point that I am getting at is this. After you squash your O ring there is still no contact at point 1 or at point 3. [632]

A. No. Under certain circumstances that would not be adequate.

Q. Regardless of the fact that you would have pressure of the rubber at 2 and 4? A. Yes.

Q. Then I understand from you that it is necessary, in addition to the pressure at 2 and 4, to squash the O ring into contact at 1 and 3.

A. On all four sides.

Q. Now, suppose that the O ring squashes so that it just touches the inside of the washer at point 1, and it just touches the bolt shank at point 3. Would that be sufficient?

A. Not sufficient for a good seal.

Q. In order to have a good seal, for a good seal to be obtained, must you squash the O ring so that it will contact a substantial portion of the vertical length of the washer and a substantial part of the vertical length of the bolt ring?

A. Substantial portion of all sides. [633]

* * * * *

The Court: Mr. Miller, I think you are just wasting time here, because it is the theory of the plaintiff here that you have got to have sufficient rubber to fill the entire area. It is also the theory of the defendant here, as far as their ring is con-

(Testimony of Bernard Gross.)

cerned, that you have to have enough rubber there to fill the entire area. What difference does it make?

Mr. Miller: I am not too positive about that.

The Court: You are not?

Mr. Miller: No. [635] * * * * *

Q. (By Mr. Miller): I show you Exhibit 89; did you prepare this exhibit?

A. We prepared many models such as this. I am not prepared to say that we made this particular one at Rohr. I have no way of telling.

The Court: Well, the question is, did you prepare it?

A. Did I prepare it?

The Court: Personally?

The Witness: Personally, no.

Mr. Miller: "No"?

A. "No".

Q. (By Mr. Miller): Can you look in there and tell me whether or not the rubber O ring there has extruded or not?

A. Well, it appears that there might be some, and this is hard to tell, just looking through that, because of the optical illusions that you may get through such a technique. It is surely difficult to tell that way.

Q. Well, if this has extruded, does that much extrusion make any difference? Does that prevent it from making a proper seal?

Mr. Fulwider: May I inquire, make any difference in what?

(Testimony of Bernard Gross.)

Mr. Miller: Prevent its making a proper seal?

The Court: Well, I understood the witness testified that if there was any extrusion, then it was a defective seal. [638]

The Witness: Yes, sir.

The Court: That in order to make an effective seal, the amount of rubber had to be just sufficient to fill the cavities; if there was any more, then there was extrusion and then it was not a good seal. Now, that is the testimony of the witness.

Mr. Miller: Well, I think that may be getting down to a very fine point. It appears to me that in this exhibit that they produce there is extrusion and the witness seems to state there is extrusion.

Mr. Fulwider: I don't think he so testified.

The Court: He said there may be an optical illusion because of the materials used. May I look at that?

Mr. Miller: Yesterday afternoon, we asked plaintiffs' counsel to supply us with a quarter inch Lock-O-Seal and this is the one we were given yesterday afternoon, and I don't know whether this is a defective Lock-O-Seal or not. As far as I know, it isn't.

Mr. Fulwider: We don't know either, Mr. Miller.

Mr. Miller: And I would assume that this is a perfectly proper Lock-O-Seal and if it is defective, if there is something defective about it, that you will have the opportunity to supply us with a proper Lock-O-Seal.

Mr. Fulwider: We will be glad to supply you

(Testimony of Bernard Gross.)

with some proper ones, if that is not proper. [639]

Mr. Miller: That is right.

Mr. Fulwider: Yes.

Mr. Miller: As far as you and I know, this is a proper one.

Mr. Fulwider: Right. Now, would you tell me what is the rest of this you have in your hand?

Mr. Miller: I have in my hand, which will be supplied to the witness, a block of Lucite with a quarter-inch bolt going through it. I have also another block, an opposed block with a quarter-inch hole going through it. I have an Allen wrench to fit the socket of the bolt so you can hold it against turning, and I also have a nut; a small hand wrench that will fit the nut; and I would like this witness to put the Lock-O-Seal supplied on the quarter-inch bolt, put the block of Lucite on top of it, tighten it down with the two wrenches and see what happens with the Lock-O-Seal when it is tightened. Now, we can look through both sides, that is, through both blocks we have here; whereas we cannot look through the head of the bolt in Exhibit 89, I think was the number.

The Clerk: 89.

The Court: 89.

Mr. Miller: 89.

Mr. Fulwider: If your Honor please, I would like to object at this time to the use of this exhibit that Mr. Miller [640] has just described. I don't know what it is. If he wants to use it, that is

(Testimony of Bernard Gross.)

part of his case, and that is entirely satisfactory, and if it needs rebuttal, we could rebut it.

The Court: What are you trying to prove?

Mr. Miller: I want to find out what is the extrusion here we are talking about, and then ask whether this extrusion exists in the defendant's construction, and also, the witness testified here on direct that if the ring was square and unbonded, that you would have that extrusion.

The Court: All right. Instead of arguing, let the witness do that, and I think we would make more progress.

Mr. Fulwider: There is no foundation at all for these things, your Honor, other than counsel's statement.

The Court: Well, do you deny that that is your Lock-O-Seal?

Mr. Fulwider: No. As far as I can see, it is a good Lock-O-Seal, but I don't know anything about this bolt.

The Court: All right. That is something for the Court to evaluate.

Mr. Fulwider: Yes, just so the record is clear and my objection goes to all this line of testimony.

The Court: Let the record show you object to all these things.

Mr. Fulwider: Right. All right. [641]

Q. (By Mr. Miller): I will ask you to put the Lock-O-Seal on the bolt, and I think the record should show that he put on the O ring first and

(Testimony of Bernard Gross.)

then the washer, and then fitted the washer around the O ring.

Mr. Lee: That is correct.

A. This could be done in several ways. Actually, in installing these, the mechanics have better ways than using their fingers when they put these on, such as I am doing.

Q. (By Mr. Miller): What do you mean, they have some kind of apparatus or mechanism for doing that?

A. They just take a tool and put them on together. Many times it is done that way.

Q. Now, will you put on the upper Lucite block and the nut?

(The witness complies with Counsel's request.)

Q. (By Mr. Miller): Now, before you tighten it down with the wrenches, will you show the Court the condition of the ring before the nut is tightened?

Mr. Lee: I think the record should show that this object being put together is not illustrated in the patent in suit. In other words, in the patent in suit, the washer is put under the head of the bolt and then put up under the surface of the material. In this case the washer is placed between two sheets of material. [642]

Mr. Miller: Well, will you tighten the nut to the head of the bolt?

The Court: I suppose counsel has the right to

(Testimony of Bernard Gross.)

ask him to demonstrate it and it is up to the Court, I think, to evaluate the demonstration.

The Witness: In stock, it is true that we would never use a Lock-O-Seal this way. I am doing it just because it is agreeable that I do something this way. In addition, we would never use Plexiglass in evaluating. When you tighten on Plexiglass, the Plexiglass would yield. The only time we would use Plexiglass is to demonstrate a cross section of how it looks, but for evaluating extrusion, it just isn't done that way.

We use thick metal and we use a torque wrench, not an ordinary wrench, because we in aircraft must have a limit of torque to establish whether or not we have structural integrity. You can't do it with an Allen wrench.

Q. (By Mr. Miller): Well, I am merely supplying the Allen wrench so you can hold the bolt against turning while you turn the hand wrench.

A. That isn't the way that it was done, any more than that is the way to install a Lock-O-Seal.

Q. Will you please tighten up the nut and show the Court whether or not the O ring has extruded from its present unstressed condition to what its condition is after you [643] tighten it up?

A. Well, tighten it how much? We just don't do it this way.

Q. Tighten it as much as you can by holding it with that wrench.

A. Well, that isn't the way they do it, anyway.

Mr. Fulwider: Go ahead and do what he asks.

(Testimony of Bernard Gross.)

The Witness: How much do you want it tightened? I can shear the bolt, if you want me to.

Q. (By Mr. Miller): Give it a fair condition of tightness, a fair amount of tightness.

Mr. Fulwider: How can he testify as to the amount of tightness without a torque wrench?

Mr. Miller: Do you want to use a torque wrench?

The Witness: Actually, a torque wrench is useless when you have a material like Lucite that yields. The way we establish whether or not we have this torque is to use a torque wrench. [644]

The Court: Mr. Miller, what are you trying to establish? Are you trying to establish this seal will extrude and your seal will not?

Mr. Miller: If there is any extrusion, it is equal on all of them, and whether there is or isn't extrusion, I want to be able to show that there is the same amount on this, on ours, and on a square ring, which he said had extrusion.

The Court: What difference does it make?

Mr. Miller: Because he has testified here that it was an unbonded square ring.

The Court: I think you are going off on some immaterial problems here. As I said before, according to the testimony, and I think the testimony is correct, if there is too much rubber there will be extrusion, and if there isn't too much, it will fill the open spaces.

Mr. Miller: The point is, I can demonstrate with this that we do have a comparable amount of extrusion here.

(Testimony of Bernard Gross.)

The Court: What difference does it make whether you have the same amount of extrusion?

Mr. Miller: Because the British patent also has——

The Court: All right. You wait until you get on your case. I have been rather liberal in allowing you to put on your case in cross examination. I don't care, but we are working against time here. The plaintiff hasn't rested and you are going to want some time to put on your case, aren't [645] you?

Mr. Miller: Yes.

The Court: Then leave this matter. I think this is something for you to raise in defense, rather than with the plaintiff's witnesses here. I don't think it is material anyway. I don't think it is going to establish anything in this case.

Q. (By Mr. Miller): Do you own any shares or any interest in Franklin C. Wolfe Company?

A. Yes.

Q. When did you acquire those?

A. Approximately three years ago.

Q. Three years ago? A. Approximately.

Q. Do you own any shares in Rohr?

A. No.

Q. Did you ever own any shares in Rubber Teck? A. Yes.

Q. Did you buy those? A. No.

Q. Those were given to you? A. Yes.

Q. Who were they given to you by?

A. Joe Kerley.

(Testimony of Bernard Gross.)

Q. Did you receive any dividends on those shares? [646] A. Yes.

Q. The book records of the company—well, do you recall how many dividends or what the amounts of the dividends were?

A. I don't recall exactly how much it was.

Q. The book records of the company show that they declared and paid dividends of \$100 per share——

Mr. Fulwider: Object to counsel testifying from the records of the company.

The Court: Sustained. He says he doesn't know. If you want to establish it, you wait until your time comes. You may do so then. He doesn't know.

Q. (By Mr. Miller): Did you sell your shares in Rubber Teck? A. Yes.

Q. When? A. 1954.

Q. And you received how much for them?

Mr. Fulwider: Object to that, your Honor. I don't think that is material to this case at all.

The Court: Overruled.

The Witness: Six thousand.

Q. (By Mr. Miller): Did you threaten to sell those shares to Franklin C. Wolfe at the time of the sale?

A. Will you repeat that, please? [647]

Q. Did you tell the Rubber Teck people, Mr. Karres and Mr. Grass, that you would sell those shares to Franklin C. Wolfe if Rubber Teck didn't buy those shares by 6:00 o'clock one evening?

(Testimony of Bernard Gross.)

Mr. Fulwider: Object to that, your Honor. What has that got to do with this lawsuit?

The Court: Sustained.

Q. (By Mr. Miller): Referring to Exhibit 36, the drawing, did Mr. Cornwall have anything to do with making up the bonded ring shown in that exhibit?

A. Well, he was given the project and it was his responsibility to see that it was done.

Q. If he didn't do it himself, why, it was done under his supervision? A. Yes.

Q. And he saw the rings and knew the rings, did he, knew of them?

Mr. Fulwider: Knew what rings?

Q. (By Mr. Miller): Of the sealing rings that are shown in that sketch that were made up in accordance with it?

A. Yes, he followed through on this.

Q. Were you present in San Diego when his deposition was taken? A. Yes, I was.

Q. Do you recall that he testified that there were no [648] bonded rings made at Rohr while he was there, no bonded sealing rings?

A. I don't recall that statement.

Q. Did you buy the Wolfe shares or were they given to you? A. I bought them.

Q. Now, was some of this test work that you did pertaining to the sealing rings to ascertain whether or not the rubber complied with a military specification? A. Yes.

(Testimony of Bernard Gross.)

Q. Do you recall the number of that military specification?

A. Each test involved more than one military specification.

Q. After the Wolfe Company acquired its license in 1948, was there a new military specification that came out on O rings or sealings rings?

A. Yes.

Q. Do you recall that military specification?

A. No, I don't. You must remember that there were very many hundreds of specifications and I don't remember the numbers of each one.

Q. Would you recall a military specification by the number of 45007.

A. Not by number. [649]

Q. Would you recognize it if I showed it to you?

A. I believe so.

Mr. Fulwider: I would like to object to the use of any defendants' exhibits. I think on the face of it that that is beyond the scope of the direct examination.

The Court: Overruled. I think this is a question of identification only.

Q. (By Mr. Miller): I will show you Defendants' Exhibit T and ask you whether or not that is the specification that you were considering in making the tests after the first of January, 1949.

The Court: Again, Mr. Miller, I have got to say I don't think that the question of the composition of the O rings has any place in this case. There is no claim of any patent on any rubber

(Testimony of Bernard Gross.)

compound or any composition thereof. What difference does it make?

They are not claiming that you are infringing any patent by using the rubber that you are using in your O ring, so what difference does it make? You are making a good record, making a nice record.

Mr. Miller: I am possibly laying some foundation material here for this trade secret second cause of action.

The Court: Well, they don't claim any trade secret as far as the rubber compound is concerned. They can't claim any trade secret as far as the O ring is concerned, that is [650] the shape of the O ring, and they can't claim any trade secret as far as the rubber is concerned. I don't know what trade secret they have got about the O ring.

Mr. Miller: Here is a large number of paper exhibits, of the reports, and so forth.

The Court: You just wait until the plaintiff is through, and if the plaintiff attempts to assert in any way that they have any trade secrets relative to the making of the rubber compound or the making of the O ring, I will let you go into this, but I think it is premature at this time. I don't think it has any place in this case.

I would have been smart to have sustained your objection when you first made it, that is what I should have done, relative to these tests, but I didn't know what they were doing. [651]

* * * * *

(Testimony of Bernard Gross.)

Redirect Examination

Q. (By Mr. Fulwider): Mr. Gross, I draw your attention to Exhibit 42. What does that represent? I believe it is a wing section, is it not?

A. Yes, that is the so-called center section of the Coronado seaplane.

Q. Does that represent the tank on a Coronado?

A. Yes. There are four fuel compartments in this center section.

Q. And what is the capacity of that tank on the Coronado in Exhibit 42?

A. They total 4400 gallons. At six pounds a gallon, it would come to approximately six tons capacity.

Q. Six tons, you say? A. Of fuel, yes.

Q. Approximately how long is that center section tank?

A. It is approximately, it is between 65 and 70 feet long. [652]

Q. How was it handled when you wanted to transport it from one place to another?

A. It required a crane.

Q. Was this wing section tank shown in Exhibit 42, which I understand is from the first PB2Y you used in the sealing program, ever brought into the Rohr laboratory? A. No.

Mr. Miller: I am going to object to this line, your Honor, as improper redirect.

The Court: Sustained. Of course, there is testimony there was a tank in the Rohr laboratory, but

(Testimony of Bernard Gross.)

no testimony it was a tank this size. It was a small tank, as far as I know.

Mr. Fulwider: That's right, your Honor. [653]

The Court: Objection sustained. Of course, there is testimony that there was a tank at the Rohr Laboratory, but there is no testimony that it was a tank that size. It was a small tank, so far as they know.

Mr. Fulwider: That is right, correct.

The Court: And it was just for experimentation, of course.

Mr. Fulwider: That is the entire purpose of this testimony, to meet head-in the testimony of Mr. Kerley yesterday that he had a small tank.

The Court: There is no evidence that this tank was ever taken into a laboratory.

Mr. Fulwider: I grant you that this is preliminary to the next question.

The Court: What is your next question? Go ahead.

Mr. Fulwider: Two questions.

Q. Where was the tank, Exhibit 42, kept at Rohr?

A. In a restricted area, outdoors.

Q. Was it the first tank you ever used in testing Lock-O-Seals? A. This one——

Mr. Miller: I object to this.

The Court: Overruled.

Q. (By Mr. Fulwider): During the development of the Lock-O-Seal, prior to the completion of the invention I will [654] say, was there ever

(Testimony of Bernard Gross.)

a tank in the Rohr Aircraft laboratory that was used by you in testing fastener seals?

A. No.

Q. How did you test the fastener seal of the Lock-O-Seal that you made at Rohr at the time of the invention and immediately prior?

A. All the preliminary tests were carried on in a small cell as shown by the exhibit here. It was eight inches high by three or four inches wide. This was a preliminary test. That involved air only. Then, the seals that appeared to pass the pressure test were taken out to this structure here, this center section structure.

Frion gas was used by pressurizing the entire tank area to about a pound and a half per square inch pressure, and then the acetylene flame was used and all of the fasteners were scanned outside with a flame. A leak sometimes which would ordinarily not show up in a short period of time even with fuel would readily show up, by turning the yellow flame green.

After this test was made, the entire tank areas were filled with aviation gas and allowed to remain in the tanks some 24 hours to determine whether or not there was any effect of the fuel on the sealing ring.

Q. And this tank, this center section tank that you have been discussing was always outside of the Rohr Aircraft laboratory? [655]

A. Yes, definitely.

Q. Did you ever have any conversation with Mr.

(Testimony of Bernard Gross.)

Kerley while standing at this center section tank concerning Lock-O-Seals? A. No, sir.

Q. Did you ever have a conversation with Mr. Kerley in the laboratory standing adjacent or near or in view of a test tank concerning Lock-O-Seals?

A. No, sir.

Q. Did you ever have any conversation with Mr. Kerley concerning the solving of the fastener seal problem, before the invention was completed?

A. No, sir.

Q. Do you recall any conversation with Mr. Kerley at any time when he suggested to you solving your sealing problem by counter-sinking?

A. Do you mean prior to the invention?

Q. Yes. A. No, sir.

Q. Now, you were here and heard Mr. Kerley testify yesterday, were you not? A. Yes.

Q. And I believe he described a tank in the Rohr Laboratory as two to ten feet long and about two feet across. I forget how high it was. You heard the testimony? [656] A. Yes.

Q. Was there any such tank in the Rohr Laboratory prior to the completion of the—that is a little too broad—from the time that you started working on the sealing problem about which you have previously testified, and the completion of the Lock-O-Seal invention? A. No, sir.

Q. And did you ever stand with Mr. Kerley—well, you couldn't, of course. Did you ever have a conversation with Mr. Shepard concerning—Mr.

(Testimony of Bernard Gross.)

Shepard of Rohr—concerning the filing of the patent application on the Lock-O-Seal invention?

A. No, sir.

Q. Did you ever have any conversation concerning the Lock-O-Seal invention with Mr. Shepard prior to July of 1945? A. No, sir.

Q. '45? A. No, sir.

Q. Did you have any conversations with Mr. Shepard prior to July, 1945, concerning patents at all, any patents? A. No.

Q. Did you ever have a conversation with Mr. Kerley in which he stated to you that he felt he had contributed something to the Lock-O-Seal idea or the Lock-O-Seal [657] invention?

A. No, definitely.

Q. Did Mr. Kerley ever make such a statement to you? A. No, sir.

Q. Did you ever have a conversation or did Mr. Kerley ever state to you that he thought he ought to have some preference or rights or manufacturing rights in the Lock-O-Seal? A. No, sir.

Mr. Miller: Now, your Honor, I don't believe this is proper redirect. I think this is rebuttal.

The Court: Well, on your examination of other witnesses, of Mr. Kerley, he was allowed to testify as to what happened. When you have this witness on the stand, why not let him testify? Objection overruled.

Q. (By Mr. Fulwider): Did you ever have a conversation with Mr. Shepard at Rohr in which you told him that Mr. Kerley had contributed any-

(Testimony of Bernard Gross.)

thing to this invention? A. No, sir.

Q. Did you ever hear Mr. Kerley ever make such a statement to Mr. Shepard? A. No, sir.

Q. Or in Mr. Shepard's presence?

A. No, sir.

Q. Did you ever tell Mr. Shepard that because of Mr. [658] Kerley's activities, you thought he should have preferential treatment in the granting of manufacturing rights or other rights?

The Witness: Would you repeat the question?

Mr. Fulwider: Perhaps I had better rephrase the question.

Q. Did you ever tell Mr. Shepard that you thought that Mr. Kerley had assisted in making the invention, therefore should have a preference?

A. No.

Q. Did you at a later time have any conversation with Mr. Kerley in which he asked you to assist him in getting the manufacturing rights on the Lock-O-Seal either for himself or for some company with which he was or would be associated?

A. Yes.

Q. Will you tell me about that conversation?

A. Well, he definitely indicated that he was interested in the manufacture of Lock-O-Seals at that time and prior to that time——

Mr. Miller: Will you set the time, please?

The Witness: What is that?

Mr. Miller: Will you set the time? You say at that time.

(Testimony of Bernard Gross.)

Q. (By Mr. Fulwider): Approximately when was that? [659]

A. Well, that was after the war.

Q. You mean after August?

A. After August, 1945.

Q. All right.

A. And sometime within the year following the war, the best I can recollect at the moment.

Q. And what did you say? Did you tell him that you would try to assist him in getting such rights?

A. I told him I certainly would do everything to help him to get the manufacturing rights.

Q. Did you subsequently mention that fact to Mr. Shepard? A. Yes.

Q. Of the Rohr Aircraft? A. Yes.

Q. Was there subsequently a conference between you and Mr. Shepard and Mr. Kerley?

A. Yes.

Q. Having to do with manufacturing Lock-O-Seals? A. That is right.

Q. Did Mr. Shepard in that conference at which you were present say anything that would tend to indicate in any way that he felt that Mr. Kerley had any right to get the manufacturing privilege, any vested interest in it? A. No. [660]

Q. For whom was Mr. Kerley negotiating to secure the manufacturing rights on the Lock-O-Seal when you and he called upon Mr. Shepard at Rohr?

A. Green and Kyle.

Q. Do you know whether or not Mr. Kerley

(Testimony of Bernard Gross.)

subsequently brought Mr. Green or Mr. Kyle down to the Rohr Aircraft plant to continue negotiations?

A. Yes. I wasn't in on that, and I don't recall which one it was, Mr. Green or Mr. Kyle. I wasn't in on it, those negotiations. [661]

Q. Did you ever tell Mr. Kerley that in your opinion a one-piece Lock-O-Seal would not work or could not be made satisfactorily? A. No.

* * * * * [662]

Recross Examination

Q. (By Mr. Miller): On this tank that you spoke about, wasn't a center section cut away and brought in or shipped in?

The Court: Into where?

Mr. Miller: Into the Rohr laboratory or in the vicinity of the Rohr laboratory.

The Witness: The center section was delivered by the Navy to Rohr Aircraft.

Q. (By Mr. Miller): And what was the size of just the center section that was delivered?

A. The center section was approximately, as I said, some 65 feet long by—considering the fairing for the hull—it was approximately five feet high, and from fore to aft it was approximately eight feet. Then this center section had to be supported by a cradle for a suitable support while it [664] was being worked on.

The Court: Mr. Miller, this witness testified originally that the picture showed the center section of the tank. That is the center section he is talking

(Testimony of Bernard Gross.)

about now, the thing he identified a little while ago.

Are you trying to ask him if some portion of that center tank was cut off and came into the laboratory?

Mr. Miller: That wasn't very clear to me, your Honor. I am not very clear as to what was the length of the tank before the center section was even cut out of it, and then what was the size of the center section.

The Court: The testimony was that this was part of the wing, and this is the center part of the wing, the center section of the wing or the tank, or the wing that held the tanks, the center section is 70 feet long.

Was any part of that center section cut away and taken into the laboratory that you can recall?

The Witness: No, your Honor. The fuel compartments in the center section are the same thing.

The Court: Was any other part of the wing that held gas, was any part of that ever taken into the laboratory?

The Witness: No, your Honor. The center section remained intact as delivered by the Navy.

The Court: And that is the only thing you got from the Navy, is that it? [665]

The Witness: That is right.

The Court: The center section.

The Witness: That's right.

Q. (By Mr. Miller): Did you have any other tank in or around the laboratory?

A. Not at that time, no.

(Testimony of Bernard Gross.)

Q. At any time?

A. Not prior to the invention.

Q. What? A. Not prior to the invention.

Q. What was the size of this other tank?

The Court: What difference does it make if it came in after the invention? We are talking about before the so-called invention. Your witness says there was a tank there. This witness says there was no tank there.

Q. (By Mr. Miller): You have related a number of conversations that you had with Mr. Kerley. Do you recall testifying in your deposition as follows at page 60, line 17:

“Q. Do you know Mr. Kerley?

“A. Yes.

“Q. How long have you known him?

“A. Approximately since 1944.”

And at page 62, line 15:

“Q. When you contacted Mr. Kerley, will you relate what the conversation was that you had with [666] Mr. Kerley?

“A. I don’t recall the details of what was discussed at that time.”

Do you recall so testifying?

A. Yes.

Q. Do you recall any conversation with Mr. Kerley at which Mr. Karres was present?

A. At Rohr?

Q. Yes. A. No.

Q. You never saw Mr. Karres at Rohr with Mr. Kerley? A. Prior to the invention, no.

(Testimony of Bernard Gross.)

Q. I don't care about prior to the invention.
At any time? A. He did visit Rohr.

Q. With Mr. Kerley?

A. I was thinking in terms of dates, but after the invention he did visit Rohr with Mr. Kerley, yes.

Q. When he visited Rohr, did he talk to you with Mr. Kerley?

A. Mr. Kerley introduced Mr. Karres to me.

Q. And did the three of you engage in a conversation? A. Yes.

Q. And what did that conversation pertain to?

A. I don't recall what went on during the conversation [667] except that it was—we became acquainted with each other.

Q. Did you have more than one meeting with Mr. Kerley at which Mr. Karres also was present?

A. I would recall at least one.

Q. During that conversation wasn't the matter of bonding the rubber to the metal ring discussed?

A. No.

Q. What was discussed during this conversation that you do recall when Mr. Karres was present?

A. Again, I recall the matter of becoming familiar with Mr. Karres.

Q. Do you recall anything else about the conversation? A. No.

Q. Why he was there? A. No.

Q. Do you recall why Mr. Kerley was there?

A. Well, to repeat, Mr. Kerley brought Mr.

(Testimony of Bernard Gross.)

Karres in for the purpose of introduction and to become familiar with Mr. Karres.

Q. That was all that was said during this conversation, Mr. Kerley brought Mr. Karres in and introduced him, and after you said how do you do, they left and you went on about your business?

A. I don't recall the contents of the visit except that it was for the purpose of introducing Mr. Karres. [668]

Q. Was McClatchie Manufacturing Company the only source of rubber goods that you had there in 1944, 1945 and 1946 for use on Rohr equipment?

A. No.

Q. You had other rubber suppliers?

A. We had other vendors, that's right.

Q. Can you give me a rough idea of how many? Would it be a dozen?

A. There would be a number of them. The exact number, I wouldn't know. I didn't have directly to do with the procurement of all items.

Q. Did you contact the representatives of these other rubber suppliers?

Mr. Fulwider: May I have the question read?

(Question read.)

Mr. Fulwider: I object, your Honor. It is getting too far away.

The Court: Sustained. I don't know, Mr. Miller. This witness denies the conversations and it will be a question for the court to determine whether the recollection of this witness is better than the recollection of the other witness.

(Testimony of Bernard Gross.)

Q. (By Mr. Miller): Why did you tell Mr. Kerley that you would help him to get the manufacturing rights in preference to these other rubber suppliers? [669]

A. I had experience with Mr. Kerley during the war. He had done a very fine job of producing a great number of a chafing strips for power packages that we were producing. He delivered on time and its quality was excellent and he was dependable. I had every reason to believe that he would do a good job with the Lock-O-Seals.

The Court: May I ask a question?

Mr. Miller: Yes.

The Court: Why did Mr. Kerley give you this stock which was later sold by you for \$6,000?

The Witness: Your Honor, as I understood it, he gave me the stock, explaining that Rubber Teck had a good future, that they would have new products, and that he was sure I could help them by way of a consultant, in the capacity of a consultant.

The Court: Was this stock given to you for services that were to be rendered in the future or services in the past?

The Witness: As I understood it, for services that were to be rendered.

The Court: To be rendered?

The Witness: That's right.

Q. (By Mr. Miller): Were you ever consulted by Rubber Teck or Mr. Kerley after you were given the stock? A. Regarding—— [670]

The Court: You can answer that yes or no.

(Testimony of Bernard Gross.)

The Witness: Yes.

Q. (By Mr. Miller): When was this, when were you consulted?

A. Well, during the time that followed the issuance of the stock, I would say approximately 1952 or 1953, in there.

Q. Pertaining to what?

A. Pertaining to the selection of an all-purpose rubber. A new specification came out, as I recall it——

Q. In 1952?

A. Well, it was prior to 1952 that the specification came out, but their interest in the spec was new.

Q. Did you make any recommendation or written report on this all-purpose rubber?

A. Well, we discussed it, yes.

Q. Who did you discuss it with?

A. Joe Kerley.

Q. Anybody else? A. No.

Q. Do you recall where that discussion took place?

A. Well, he visited at my home on occasion and it might have been there, or it might have been out at a lunch.

Q. Did you do any test work for him on this all-purpose rubber and make any kind of a written or oral report to him as to what you would recommend being adopted by [671] Rubber Teck?

A. No. I say again we discussed the usage of rubber in some possible new products, but no for-

(Testimony of Bernard Gross.)

mal work was done, as far as I know, or any reports rendered on that basis.

Q. Are you a rubber compounder?

A. No. I might add that I taught aircraft materials for some years, though. [672]

* * * * *

Redirect Examination

Q. (By Mr. Fulwider): This morning you fixed the date of July, 1945, as not having previous conversations with Mr. Shepard. Will you tell the Court how you fixed that date of July, 1945, with respect to Mr. Shepard?

A. In July, 1945, was the time that there were changes made in the executive staff of Rohr Aircraft. Among the changes that were made, the changes that were made involved the appointment of Mr. Shepard, Mr. S. W. Shepard as a secretary of the corporation and counsel, who took the place of Mr. Frank Nottbusch, who had served in that capacity all during the war and who had the responsibility of patent matters.

Mr. Shepard, on the other hand, had worked in the insurance office.

The Court: He doesn't have to go into that.

Q. (By Mr. Fulwider): That is the way you fixed the [673] date in July, 1945, when Mr. Shepard became secretary? A. Yes.

* * * * *

PAUL A. KARRES

one of the defendants herein, called as a witness by the plaintiff, being first duly sworn, testified as follows:

* * * * *

Examination

Q. (By Mr. Fulwider): As I understand it, Mr. Karres, you are president of Rubber Teck?

A. That is correct.

Q. And one of its directors? A. Yes, sir.

Q. A stockholder? A. Yes, sir.

Q. How long have you been a director and stockholder of Rubber Teck?

A. Well, I would say practically since the latter part of '47.

Q. Do you recall what month in '47?

A. No, sir. [674]

I am sorry, I don't.

The Court: Counsel, don't you think the record should show that you are calling this witness as an adverse witness?

Mr. Fulwider: Yes, thank you, your Honor, under 43(b). [675]

* * * * *

Q. You had a distributor at one time or a selling agent by the name of Randal & Associates, is that correct? A. That is correct.

Q. And as I understand, that is a corporation?

A. Yes. That is not in existence at this present time.

Q. It is inactive now?

A. It is inactive.

(Testimony of Paul A. Karres.)

Q. When did it become inactive?

A. Well, it was approximately a year and a half now, I assume. I don't know the exact time.

Q. And I believe you and Mr. Glass were directors and officers of that corporation when it was acting as agent?

A. That is not correct.

Q. What was your connection with the company?

A. With Randal Associates?

Q. Yes.

A. That is an entirely different organization. I do have a connection there, though.

Q. What is that connection?

A. Well, I was at the time their chairman of the board.

Q. What does Randal Associates Corporation do? Does it have any business now?

A. No, sir. [680]

Q. I believe there was also a Randal Company?

A. That is right.

Q. That was connected with Rubber Teck?

A. No connection.

Q. Was that a partnership?

A. That was a partnership.

Q. Who were the partners?

A. Myself, Andrew Karres, John Siamas and Alex Siamas.

Q. Who was Andrew Karres?

A. My brother.

Q. Was that also a selling agent or distributor or something like that?

A. No, sir.

(Testimony of Paul A. Karres.)

Q. Does it have any connection now with Rubber Teck? A. It never has.

Q. Do you know Mr. Robert Elem?

A. Yes, I do.

Q. He was employed by one of those Randal companies; which one was it?

A. Randal Associates.

Q. That was the corporation?

A. He was a stockholder.

Q. Yes. Was he also a director? A. Yes.

Q. An officer? [681] A. Yes.

Q. What office did he hold?

A. I believe it was vice president. I am not positive at the moment.

Q. When did Mr. Elem come or join with Randal Associates?

A. I couldn't give you the exact dates; I don't recall them.

Q. Approximately when?

A. When? Well, shortly after he was discharged by Franklin C. Wolfe Company.

Q. That is, he left Franklin C. Wolfe Company and then joined Randal Associates?

A. I don't believe—I think he was discharged.

Q. Well, by letter? A. Correct.

Q. Or whether he was discharged on his own power, I won't argue with you.

A. That is right.

Q. Had you known that he had been a salesman for Wolfe Company prior?

A. Oh, definitely I knew it.

(Testimony of Paul A. Karres.)

Q. You knew he was an employee of the Wolfe Company before he became associated with your Randal Associates?

A. Yes, I definitely knew it, because the Wolfe Company was our representative on everything.

* * * * *

Mr. Fulwider: Yes. I believe the latter date is early 1951.

Q. Prior to that time, Rubber Teck had been drop shipping for the Wolfe Company, hadn't they?

A. That is correct.

Q. Will you explain briefly what drop shipping procedure is as between Rubber Teck and Franklin C. Wolfe at that time?

A. You are talking about prior to what particular time, now?

Q. During the entire time that Rubber Teck drop shipped for Wolfe.

A. Well, drop shipping is very simple. We receive the orders from the Franklin C. Wolfe Company and we would ship them to the customer.

Q. The Wolfe Company sends you a copy of the invoice?

A. Yes, I believe that is the way it was operated. They did the billing on their own Lock-O-Seals.

Q. And they sent you a copy of that invoice to give you information with which to ship?

A. To whom to ship?

Q. Yes. A. Yes.

Q. And where to ship? A. That's right.

(Testimony of Paul A. Karres.)

Q. So as of that time you automatically knew all of the customers of the Lock-O-Seal?

A. I should know. They were my representatives. They had to call on the people anyway to sell my item. Doesn't that stand to reason?

Q. I wasn't asking you for the reason. I was merely asking for the facts, that you did know all the customers as of that time.

A. I should know them. They were my representatives. That is what they were being paid for.

The Court: Suppose you just answer the question and we won't waste time.

The Witness: Very good, sir. I am sorry, your Honor.

Q. (By Mr. Fulwider): I call your attention to Exhibit [689] 9——

The Court: During this period of time you made other things other than seals, didn't you?

The Witness: Thousands of things that they represented us on.

The Court: I beg your pardon?

The Witness: Thousands of things that they represented us on.

The Court: Thousands of items?

The Witness: Well, that might be putting it a little too strong, but it would be quite a number.

The Court: But they represented you on the other items that you manufactured?

The Witness: Definitely.

The Court: As well as the seals.

(Testimony of Paul A. Karres.)

The Witness: Definitely. They called on the same people.

Q. (By Mr. Fulwider): Now, in that connection, Mr. Karres, did you have any other proprietary items that the Wolfe Company sold for you?

A. We had them, but they didn't seem to be interested in them. They didn't do the job for us.

Q. I didn't ask you that. A. Yes, sir.

The Court: That is a conclusion. You can answer [690] yes or no.

The Witness: Yes.

Q. (By Mr. Fulwider): What were they?

A. There was a connector that we were licensed by Northrop.

Q. You wanted them to sell that but they never did handle the sales of that?

A. Yes, they handled sales of it, but they didn't do anything about it. They didn't like it.

Q. They didn't like it? A. No.

Q. So they didn't handle it?

A. That is correct.

Q. What other proprietary items of the thousands you mentioned?

A. That was all at that time.

Q. You had this one proprietary item?

A. That is correct.

Q. That was a coupling? A. Yes.

Q. I believe, if I remember now, you have brought up that there were conversations between you and the Wolfe Company in which they did not

(Testimony of Paul A. Karres.)

care for the product, did not wish to sell it, is that right?

A. Evidently that is as close as you could say it, the [691] way they said it.

Q. Now, the balance of these thousands of items that you sold——

A. Well, that could be — I probably elaborated when I said thousands. Quite a few.

Q. Those were in the nature of custom rubber work? A. Yes.

Q. Didn't the Wolfe Company bring in to you orders for you to fill? A. Oh, yes.

Q. To the customer's requirements?

A. That's right.

Q. Their selling activities, other than Lock-O-Seals, constituted largely getting for you the chance to make the rubber parts designed by the companies? A. Yes, that's right.

Q. The customers. A. That is correct.

Q. Referring to Exhibit 9, will you identify that for me?

A. Yes. This is our advertising publicity, Rubber Teck, Inc.

Q. Is that what you might say is in the nature of a scrap book?

A. Yes. This belongs to the advertising company, the [692] McCarthy Company, and they loaned this to me.

Q. And this has exemplars of various advertising put out by Duo-Seal, or by Rubber Teck?

A. That is correct.

(Testimony of Paul A. Karres.)

Q. Is there any advertising in here pertaining to Duo-Seals? A. Yes.

Q. Whereabouts is it?

A. Well, here are some cuts here.

Q. On one page of this there is a Duo-Seal data sheet No. 1104-D. Does that represent the data sheets that you put out, Rubber Teck distributed to the trade? A. Yes.

Q. Do you recall who composed this portion of the data sheet 1104-D, being a legend which reads as follows:

“The Duo-Seal is a one-piece washer and O ring combination with the O ring permanently bonded to the washer.”

Do you happen to know who authored that sentence in that advertising piece for Duo-Seal?

A. No, I don't know who authorized it. I know it is strictly—it is just an engineering data sheet for the engineers on particular sizes. I don't know exactly who did put that particular wording in there, let's put it that way.

Q. Did you authorize all of the advertising matter that [693] went out from Rubber Teck?

A. Yes, authorized, yes.

Q. Did you authorize this data sheet 1104-D?

A. Yes.

Mr. Fulwider: I would like to offer Exhibit 9 in evidence. I believe it has not been admitted.

The Court: It may be received in evidence.

The Clerk: Exhibit 9.

(The exhibit referred to was received in evi-

(Testimony of Paul A. Karres.)

dence and marked as Plaintiffs' Exhibit No. 9.)

[See Book of Exhibits.]

Q. (By Mr. Fulwider): Do you recognize this letter, Exhibit 13? A. Yes, I do.

Q. That came to Rubber Teck from Wright Air Development Center, I believe?

A. That is correct.

Q. About the date it bears or shortly thereafter, rather? A. Shortly thereafter, yes.

Q. This letter mentions Rohr Laboratory Reports 182, 192, and 192-1, as having been enclosed with a letter from Rubber Teck. A. Yes.

Q. Do you recall that incident?

A. I don't exactly recall it, but I am sure it happened. [694]

Q. You are sure——

A. I am pretty sure, yes.

Q. You are pretty sure you or Mr. Kerley sent these reports? A. Yes.

Q. Now, that refers to Rubber Teck letter dated 16 February 1954. Have you been able to find that letter, Mr. Karres?

A. No, I haven't. I have also written to Wright Field and they don't have a copy of it. [695]

Q. (By Mr. Fulwider): I believe that was included in the subpoena that was served on you?

A. That is correct.

Q. And did you make a search after you got the subpoena?

A. Yes, we have searched at the factory, and we have also contacted Wright Field. Now, we have

(Testimony of Paul A. Karres.)

also contacted them personally by phone. There was a letter and my representative back there called on them quite some time ago.

Q. Do you have a regular Wright Field file?

A. Well, yes. The file that I have includes those various things that come from Wright Field, but it is not in it either.

Q. My point is you have a regular correspondence file for Wright Field?

A. Yes, that is correct.

Q. And I assume that is where the letter ought to be?

A. That is where the letter ought to be.

Q. Do you know of any other letters that are missing out of this file?

A. No, I don't know.

Q. In fact, that is the only one you have been able to find, isn't it?

A. That is the only one. Incidentally, it is kept in [696] the engineering department at the factory.

Q. Now, in connection with the tests represented by the three reports mentioned in the letter, Exhibit 13, did you ever advise anybody at Rohr that you wanted those tests run on your rubbers so that you could get Government approval on a rubber that you planned to use in competition with the Wolfe Company?

A. In competition with the Wolfe Company?

Q. Yes. A. No, sir.

Q. Did you ever advise anyone at Rohr prior to the time that the Duo-Seals came on the market

(Testimony of Paul A. Karres.)

that you were going to market a one-piece seal, fastener seal? A. No, sir.

Q. You did not? A. No, sir.

Q. Did you ever advise anybody at Wolfe Company that you were going to market a one-piece seal in competition with Lock-O-Seal and with Stat-O-Seal? A. No, sir.

Q. When did Rubber Teck first offer the Duo-Seals to the trade, so we get that date tied down?

A. You mean in production or do you mean when it was offered?

Q. When it was offered? [697]

A. It was sometime in '53, the latter part of '53.

Q. This was when you actually offered them for sale, whether you had them in hand or not?

A. Probably in '53.

Q. Would it have been November 20, 1953?

A. I believe that is pretty close.

Q. The reason I say that date, that is the date of the Reischauer letter, Exhibit 11.

A. The Reischauer letter?

Q. I might show that to you.

A. I know what it is.

Q. And this Exhibit 11 was a letter written by Rubber Teck, signed by Aldrich or composed by Aldrich. A. Yes.

Q. To Reischauer. Now, your recollection is that that was the first offer of Duo-Seals to the trade?

A. Yes. We might have offered them a short time before that. We had put out a lot of samples.

Q. Do you think you might have put out sam-

(Testimony of Paul A. Karres.)

ples before November 20? A. Possibly.

Q. And how long before?

A. I don't know. I don't have any recollection.

Q. I believe in your deposition, in answer to the same question, you put November 20 as your first offer of sale? [698]

A. Sale.

Q. Yes.

A. I said samples had been given out, but not for sale.

Q. I see. A. That is correct.

Q. Your concept is that you gave out samples before you offered them for sale?

A. That is correct. We had no production tooling to do anything with them.

Q. Now, speaking in terms of the Reischauer letter, November 20, did you, when that letter was written, say that you are now in position or would be shortly to supply Duo-Seals? Did you at that time have production molds?

A. No, sir. This was all in anticipation of the trade accepting the product itself.

Q. That is, if you got an order from Fletcher pursuant to this letter, Exhibit 11, then you would go ahead and get up the production molds?

A. Yes, sir.

Q. For the Duo-Seals? A. That is right.

Q. Had you submitted any samples of Duo-Seals to Fletcher prior to this letter, Exhibit 11?

A. There might have been. I don't have any [699] recollection of it.

Q. You don't recall? Do you recall whether you

(Testimony of Paul A. Karres.)

got an order from Fletcher for Duo-Seals pursuant to that date of November 20?

A. I don't believe we ever got an order from Fletcher on Duo-Seals.

Q. You haven't sold them?

A. Not Duo-Seals. Lots of O rings.

Q. No Duo-Seals? A. No Duo-Seals.

Q. Can you tell me whether or not you had your printed literature on Duo-Seals prior to this letter to Reischauer on Exhibit 11?

A. I believe there was, yes.

Q. Can you tell me when the first literature was printed?

A. The date I can't give you; I don't know the exact date.

Q. Did Mr. Glass know that date?

A. I don't believe so.

Q. Exhibit 10. Would you find that out for me over the lunch hour, when the first literature was printed?

A. If I can look back in the advertising book, I think I could tell you from that. That would have the date on that. [700]

Mr. Fulwider: Exhibit 9.

Mr. Lee: No, it is not in 9, in 10.

Mr. Fulwider: Where is 10?

Mr. Lee: It is in here.

The Witness: It ought to be in 1954. There might have been some earlier than '54. I couldn't tell.

(Testimony of Paul A. Karres.)

Q. (By Mr. Fulwider): From examining Exhibit 9, it appears that the earliest was '54?

A. 1954, yes, practically all of them in '54. They have put the dates on them.

Q. And this one I mentioned to you awhile ago, data sheet 1164-D, does that carry a date at all?

A. It doesn't there, unless it is on the other side.

Q. From that you would gather it was in the year 1954 when it was placed in the book?

A. Probably so.

Q. Or probably things immediately before were added in 1954? A. That is right.

Q. Will you refer to Exhibit 10, which I believe is also a Duo-Seal Rubber Teck data sheet; can you tell me whether or not that was the first data sheet that Rubber Teck distributed to the trade?

A. Well, I really couldn't answer that. I believe it is, but I know other sizes have been added on, I believe, [701] since this was put out. This could have been the first one, or the first one.

Q. Will you read the date that that Exhibit 10 bears? A. December 18, 1953.

Q. Would that be the date upon which it was prepared, approximately? A. I assume so.

Q. So as I understand it, it would be shortly after that date in December, 1953, that data sheets like Exhibit No. 10 had been handed out to the trade? A. That is Exhibit 10?

Q. Yes.

A. I don't believe anything like this was handed

(Testimony of Paul A. Karres.)

out to the trade. We had nothing printed up. This was more or less for our own use.

Q. Oh, I see, just for your own internal use?

A. Yes, I believe that is the answer on that one.

Q. Just so the record will show that the data sheet—oh, yes, Exhibit 77 is the data sheet bearing the number 1104-D and on the front page appears——

A. Let us not—we got to go back; (the witness turns pages of book). Here we are (indicating).

Q. Will you explain the differences between these two? That is the simplest way to do it.

A. Well, I better look this over. [702]

Q. That is, between 1104-D in Exhibit 9 and 1104-D that is Exhibit 77.

A. I believe the only difference is for advertising purposes.

Q. Will you turn over to the other side of 77. I think the essential difference is that there are more dimensions, isn't that correct? I believe more sizes is a more correct way to state it.

A. Yes, there are more sizes.

Mr. Fulwider: I would like to offer 77 into evidence.

The Court: It may be received.

The Clerk: Exhibit 77.

(The document referred to was here received in evidence as Plaintiffs' Exhibit No. 77.)

[See Book of Exhibits.]

Q. Are you familiar at all with the development of the Duo-Seal?

(Testimony of Paul A. Karres.)

A. Oh, in a small way, let's put it that way. Technically, no, but I have watched it from its inception. I believe, if you would like the date when I saw it, I can give you that, but I have watched it from the day of its inception.

Q. When was the first Duo-Seal made as it is today constructed, if you know?

A. Well, the way it is constructed today?

Q. Yes.

A. I couldn't answer that. Mr. Grass would probably answer that one.

Q. Did you ever show one of the Duo-Seals to the Franklin C. Wolfe Company before they came on the market?

A. Yes, sir.

Q. When was that?

A. The first ones were shown to them in the latter part of 1952 for evaluation, and we were going to let them handle it if it was satisfactory with them.

Q. That was late 1952?

A. Late 1952. We made the first ones and we showed them to them, and again Paul Smith said there is no use putting that on the market. We only wanted them to have it as being our sales representatives.

Q. Where was that conversation? [704]

A. That conversation, I believe, was at Rubber Teck.

Q. Was anyone else present besides you?

A. I believe Mr. Grass was present at that conversation.

(Testimony of Paul A. Karres.)

Q. And Paul Smith? A. Definitely.

Q. What sort of a Duo-Seal did you have? First, can you fix the date a little better for me? Late in 1952, you say?

A. Yes, I would have to say in the latter part of 1952.

Q. The last quarter, say?

A. I would say—well, some time in there.

Q. Around Christmas time? A. Before.

Q. What Duo-Seal did you show Mr. Smith?

A. I am afraid Mr. Grass will have to answer the question. I don't recall.

Q. You don't know how that Duo-Seal was made?

A. No, sir. That was not my particular interest in the business.

Q. Do you know what the configuration was, or we will say how the i.d. of the metal washer was shaped? A. No, I don't.

Q. Do you know whether or not it was made the same as [705] the Duo-Seal you are selling today?

A. You will have to ask Mr. Grass that one. I don't know. [706]

* * * * *

Q. When was the decision made by Rubber Teck to manufacture the Duo-Seal, or shall we say a one-piece seal?

A. Oh, sometime in the latter part of 1953.

Q. '53?

A. I couldn't give you any specific date on that.

Q. Had you at the time you made your decision

(Testimony of Paul A. Karres.)

to manufacture Duo-Seal, the one-piece Duo-Seal, decided how it was going to be constructed?

A. That wasn't up to me. Mr. Glass will have to answer that question.

Q. You don't remember? [707]

A. I don't remember that.

Q. Did you participate in any conversations with Mr. Glass or probably between Mr. Glass and Mr. Kerley in that period, while you were deciding to make the Duo-Seal, as to how it would be made, do you have any recollection of such conversation?

A. No recollection of how it was exactly to be made, no.

Q. When was the name "Duo-Seal" chosen by Rubber Teck as the name under which they would sell their one-piece seal?

A. That, again, I have no recollection of dates, excepting Mr. Glass told me he had gone around through the plant to his tool makers for a name for it, and five out of seven said "Duo-Seal", and that is where the name came from.

Q. (By Mr. Fulwider): Five out of seven? You don't remember when that was, though?

A. No, sir, I have no recollection of the date.

Q. Do you have any data or any written memorandum in your file that would tell when Duo-Seal was chosen as the trademark for your product?

A. No, but I should say sometime in '53. The specific date I couldn't answer.

Q. What part of 1953?

(Testimony of Paul A. Karres.)

The Court: He just got through telling you he couldn't say. [708]

Mr. Fulwider: He said sometime in 1953.

The Court: He just got through saying he could not tell you the exact date.

Mr. Fulwider: I am sorry. I didn't hear that. I didn't ask that before. You don't know what part of 1953 it was. All right. [709]

Q. Do you remember the names of these five people out of seven that picked the name Duo-Seal?

A. I could probably name a couple of them.

Q. Who were they?

A. Jerry Numbers in the tool room and Ginny Halland in the office.

Q. How do you spell that?

A. H-a-l-l-a-n-d, I believe is the correct spelling of it.

Q. Did you hear them say anything to Mr. Grass about choosing Duo-Seal?

A. No, sir. They told me later about it.

Q. Did you have a written contest or something among the employees? A. No, sir.

Q. Did you have anything to do with polling the employees as to choosing Duo-Seal?

A. No, sir.

Q. That was on Mr. Grass' part?

A. That is correct.

Q. Did Mr. Kerley have anything to do with that, to your knowledge?

A. Not to my knowledge.

(Testimony of Paul A. Karres.)

Q. What did you call your one-piece seal that you say you showed to Paul Smith?

A. One-piece seal. [710]

Q. Just called it one-piece seal?

A. That is correct.

Q. Did you explain to Mr. Smith how that one-piece seal was made? Before that, let me ask you, I assume from what you say you had not yet chosen the name Duo-Seal.

A. I believe that is correct.

Q. Did you explain to Mr. Smith how this one-piece seal was made that you say you showed him that day?

A. I am sorry. That is a technical matter and you will have to question Mr. Grass on that. I don't know.

Q. I am not asking you how it was made.

A. No. The answer is no.

Q. You did not explain it?

A. The answer is no.

Q. Did Mr. Grass explain to him?

A. I don't recall that.

Q. You and Mr. Grass were together in this conversation. A. That is correct.

Q. And it was at Rubber Teck as I understand it. A. That is correct.

Q. But you don't remember when it was?

A. No.

Q. Did you or Mr. Grass give to Mr. Smith any sketches at that alleged conversation to show how this one-piece seal [711] of Rubber Teck was con-

(Testimony of Paul A. Karres.)

structed? A. I don't believe so.

Q. What did you tell him yourself? Did you tell Mr. Smith anything about this one-piece seal?

A. All my conversation was very little. I just said, "Here is a one-piece seal and I think it is much better, for your evaluation," is the way I put it.

Q. Did you tell him anything else?

A. No, nothing else other than for evaluation purposes and whether he thought they would be able to sell those.

Q. Did Mr. Grass tell Mr. Smith anything in that conversation that you heard?

A. It is pretty hard for me to answer that one because I frequently walked away from them and went to the telephone and various things around the factory at the time.

Q. So you don't remember what Grass said?

A. No.

Q. What did Smith say?

A. Just shook his head. He says, "No good."

Q. Negatively, I take it?

A. "Not worth it."

Q. He said the seal wasn't worth what?

A. Well, his words, if I remember correctly, are to the effect that, "We have been advertising a two-piece Lock-O-Seal. [712] Why should we call ourselves liars now and advertise a one-piece Lock-O-Seal and sell it?"

Q. What did you say in response to that?

A. I just shook my head and walked off.

(Testimony of Paul A. Karres.)

Q. Did Mr. Smith say anything about whether or not he thought this particular one-piece sealing device that you handed to him would work?

A. Not to my knowledge.

Q. You don't recall?

A. I don't recall that.

Q. Did you tell Mr. Smith whether or not you had run any tests on that one-piece seal you handed to him?

A. No, sir, I did not. I assume so, because Mr. Grass had the one-piece in his hand, that he would run some kind of test.

Q. But you don't know your own self?

A. No, sir.

Q. Whether or not Grass had run any tests on it before this conversation? A. No, sir.

Q. Do you know whether Grass ran any tests on it after the conversation with Mr. Smith and before you merchandised a one-piece seal under the name Duo-Seal?

A. I believe he told me he had run some tests on them.

Q. But you have no personal knowledge? [713]

A. No personal knowledge whatsoever.

Q. You have no personal knowledge of any tests run by anybody else in that period?

A. Not at that particular period, no, sir.

Q. Did Rubber Teck have any molds for making this one-piece seal that Mr. Grass handed to Mr. Smith at this conversation?

(Testimony of Paul A. Karres.)

A. Just experimental, trial and error, trial and error, over and over again, on it.

Q. You had an experimental mold?

A. Made one up, yes.

Q. So it was a molded seal, you are sure of that?

A. I beg your pardon?

Q. It was a molded seal, you are sure of that?

A. No, I can't answer that. Mr. Grass can probably answer that question.

Q. You are not sure?

A. I am not too sure.

Q. After that conversation that you and Mr. Grass are supposed to have had with Mr. Smith, did you have any other conversation with Mr. Smith where you showed him or told him about your intention to manufacture a one-piece seal?

A. I don't believe our intention was to manufacture a one-piece seal unless they approved it.

Q. At this conversation you had with Paul Smith, you [714] merely showed it to him for evaluation?

A. That is correct.

Q. You didn't tell Mr. Smith that you had it in mind to manufacture it yourself if he didn't like it?

A. No, sir.

Q. Did you at any time after that tell Mr. Smith or anyone else in the Wolfe Company that you were going to manufacture a one-piece seal yourself?

A. Are you talking about after termination of our contract or before, prior?

Q. I am talking about any time between this conversation when you didn't tell him and the time

(Testimony of Paul A. Karres.)

you put it on the market and then they discovered it.

A. That is quite a broad statement, 1952 to approximately the latter part of 1953, isn't it?

Q. I am sorry. I understand your conversation with Mr. Smith was in 1953 and it came on the market in the fall.

A. No. I said before when I testified, in 1952, the first ones.

Q. Did you say 1952 this morning? You said 1953 this afternoon.

A. I beg your pardon. 1952 is when I was referring to.

Q. All right. Between whenever that conversation was, whether it was 1952 or 1953, did you at any time prior to putting [715] the Duo-Seal on the market tell anyone in the Wolfe Company that you were going to manufacture, to merchandise a one-piece seal?

A. At that time we had no intentions of putting it on the market.

Q. You must have had the intention when you put it on the market.

A. Our intention was, after our contract was terminated, which was February 1953.

Q. I see. The contract terminated when in 1953?

A. February 28, 1953.

Q. Which contract is that?

A. The termination agreement between Franklin C. Wolfe Company and Rubber Teck.

Q. February 1953. You mean the exclusive sales

(Testimony of Paul A. Karres.)

agreement? A. That is correct.

Q. Had the manufacturing agreement been terminated, also?

A. I don't know of any manufacturing agreement.

Q. You remember this agreement that was made out in the name of Kerley under which Rubber Teck operated. A. Yes, I remember that.

Q. And had that agreement terminated?

A. I wouldn't have the slightest knowledge whether it [716] was terminated or not.

Q. I believe that was 17, wasn't it? Did that run for a term of years? Yes, it did. You recall paragraph 1, that the agreement is for five years from 29 November 1948.

Now, had you made up your mind to manufacture Duo-Seals prior to November 29, 1953, the termination of that agreement?

A. Well, the contract speaks for itself. I am assuming yes. I would have to say yes. [717]

Q. (By Mr. Fulwider): You had decided?

A. I hadn't decided this. I didn't even have one of those.

Mr. Fulwider: Oh.

The Witness: This is to Mr. Kerley, not to Rubber Teck.

Q. (By Mr. Fulwider): You mean to tell me you didn't know about this Exhibit 17?

A. I knew it was one of those. Whether it had been signed or not, I didn't know. That I do know, that there was one in existence, yes.

(Testimony of Paul A. Karres.)

Q. When did you find that out? I imagine about the date it bears, November, 1948?

A. Possibly; I don't have any specific knowledge on that. I don't know if this was addressed to Mr. Kerley at Rubber Teck or whether it went personally to his home. I think it went personally to his home.

Q. Well, the statement of your counsel, and your statement, as I understand it, is that Rubber Teck operate under that agreement, even though it was made out in the name of Mr. Kerley, and even though now you don't know if it was duly signed?

A. Very true. I know we have been operating under this contract.

Q. And you were aware of that, were you not?

A. I was aware that there was such a contract.

Q. Yes, and you knew that Rubber Teck was operating under at least an oral agreement like Exhibit 17?

A. I will have to say yes to that.

Q. And you never got the point in the game before the five years ran out?

Mr. Miller: I am going to object to it as argumentative.

The Court: Sustained.

Q. (By Mr. Fulwider): Now, to refresh, your recollection a little bit, let us look at Exhibit 21 here, which is a contract headed "Agreement" of Franklin Wolfe Company, Inc. and Rubber Teck, Inc., and it is dated August 15, 1949, and was to run for seven years. Will you look at that a

(Testimony of Paul A. Karres.)

moment. And then I will call your attention to a paragraph.

A. Yes. I know this I signed myself.

Q. Now, will you turn to the last page of Exhibit 21 and read it?

A. Do you want me to read it?

Q. Well, coming down from the top, it is the fourth paragraph starting, "It is mutually understood," will you read that out loud?

A. Would you like to have me read it?

Q. Yes.

A. "It is mutually understood and agreed that this agreement in no way encompasses the sale or manufacture of the product Lock-O-Seal which subject [719] is covered by a separate agreement dated 29 November, 1948."

Q. Now, that agreement referred to therein is this Exhibit 17 which you are just looking at, isn't it? A. It definitely does.

Q. Yes.

Now, I am not sure whether you have answered the question. I may be wrong. Let me ask this.

Other than the one incident that you mentioned here of showing Mr. Smith a one-piece seal for evaluation, did you ever show to Mr. Smith or anyone else in the Wolfe Company, prior to January 1, 1954, the Duo-Seal or a one-piece seal that you were offering to the trade?

A. I had no reason to.

The Court: Well, you can answer that yes or no. A. No. [720]

(Testimony of Paul A. Karres.)

Q. (By Mr. Fulwider): Prior to the time you offered the Duo-Seal to the trade, did you ever show a one-piece fastener seal to Mr. Gross?

A. Yes, sir.

Q. Did you do that personally?

A. Mr. Kerley and myself.

Q. Yes, and when was that?

A. That was in the last part of '48. If I may elaborate on that answer and explain it, may I, your Honor?

Mr. Fulwider: Yes.

A. This was brought to our attention by Douglas Aircraft. They had a sealing problem. They brought a one-piece seal in—rather, they brought the washer in and told us to vulcanize or mold rubber to this one-piece seal.

Q. That was Douglas?

A. That was an engineer of Douglas Aircraft and as I recall his name, it was Mr. Woods. They were having problems. They wouldn't use a Lock-O-Seal. They refused to [721] use them at that time. Why, I don't know.

Q. Was this in 1948?

A. In 1948, shortly after I was with the company.

Q. What did you do?

A. We immediately made up one and took it down to Mr. Gross and that is the conversation when I first met Mr. Gross, and he said, "It absolutely will not work.", and to forget about it.

(Testimony of Paul A. Karres.)

Q. How was this one-piece seal made you delivered to Mr. Gross?

A. Well, it was a little bit different. It was just recessed at the washer and then we made a shank, this experimental mold with an insert in the center of it, and then the rubber was forced into it and bonded securely to the washer.

Q. Did you explain that construction to Mr. Gross?

A. He seen it; we took it down to him.

Q. Yes, but he couldn't tell what was inside, the rubber, unless you cut it. Did you cut it open?

A. No, sir.

Q. Did you give him a sketch as to how it was made?

A. No, sir.

Q. Did you explain to him how it was made?

A. Yes, sir.

Q. Did you explain it to him exactly as you have [722] explained it to me here?

A. Yes, sir; that is the only way I know it.

Q. How did you do that, personally?

A. Mr. Kerley and myself both were there.

Q. Who made the explanation?

A. We both talked; he would talk and if he forgot to mention something, I would mention it.

Q. Did you know personally that it was so constructed as you have just told me?

A. Yes, sir.

Q. And Mr. Gross said it would not work?

A. That is correct.

Q. Did he tell you why?

A. No, sir.

(Testimony of Paul A. Karres.)

Q. Did you ask him?

A. He was supposedly a technical man; I couldn't question his judgment.

Q. Now, at any later time, did you explain to Mr. Gross in 1948 that you had in mind to manufacture that yourself? A. No, sir.

Q. Now, after that, did you ever show Mr. Gross a one-piece seal, prior to, we will say, January 1, 1954?

A. No, never showed him any. We have talked about it at various times down there. [723]

Q. You have never told Mr. Gross prior to January, 1954, that Rubber Teck planned to come out with a one-piece seal on its own account?

A. No, sir.

Q. Who manufactured the metal washers for the Duo-Seal?

A. We manufactured them ourselves.

Q. When did you start doing that?

A. Mr. Grass will have to answer that; I don't know.

Q. You don't know when?

A. Not the dates, no.

Q. Who manufactured them before you started making them yourself?

A. Pacific Cut Washer.

Q. Pacific Cut Washer was manufacturing and manufactured for you all the metal washers on the first Duo-Seals that you put on the market, didn't they?

A. Possibly so; I don't know offhand. [724]

* * * * *

OTTO GRASS

called as a witness by the plaintiffs under Rule 43(b) of the Federal Rules of Civil Procedure, having been first duly sworn, was examined and testified as follows:

* * * * *

Direct Examination

Q. (By Mr. Lee): Mr. Grass, are you an officer of Rubber Teck, Inc.? A. I am.

Q. What office do you hold?

A. Vice president. [727]

Q. Are you also a stockholder? A. I am.

Q. Approximately what percentage of the stock do you hold? A. About 32 per cent.

Q. Is that your entire holdings or do you also own part of this pledged stock?

A. I own part of the pledged stock.

Q. How long have you been an officer of Rubber Teck? A. Since August, 1949.

Q. Have you been a stockholder the same length of time? A. Yes, sir. [728]

* * * * *

Q. Are you in charge of all production of Rubber Teck now? A. Yes.

Q. Does Rubber Teck make Duo-Seals at the present time? A. Yes. [731]

Q. Are all the Duo-Seals that are made now made the same way?

A. The same way as what?

Q. All the ones that are made at the present time, are they made in the same manner?

A. Yes.

(Testimony of Otto Grass.)

Q. Since you started selling Duo-Seals, have they always been made in the same way?

A. Yes.

Q. Were you personally the originator or designer of Duo-Seals? A. Yes, I would say so.

* * * * *

Q. (By Mr. Lee): Does Mr. Aldridge work under your direction? A. He does.

Q. What are his duties?

A. Chief engineer.

Q. And he is responsible to you? A. Yes.

Q. Are you responsible for the dimensions of Duo-Seals? A. I am.

Q. Referring first to Exhibit 10, this is a data sheet, it bears a No. 1102-D, and are those dimensions of [732] Duo-Seals put out by you?

A. They are dimensions for a data sheet, not for the manufacture.

Q. But they are dimensions put out by you in the trade? A. That's right.

Q. And you are responsible for those dimensions? A. Yes.

Q. Referring to 1104-D, is this a further data sheet put out by Rubber Teck on Duo-Seals?

A. Yes.

Q. This is the one contained in Exhibit 9?

A. Yes.

Q. You are responsible for those dimensions?

A. Well, not——

Mr. Miller: What do you mean by responsible for them?

(Testimony of Otto Grass.)

The Witness: Not responsible for this. I didn't draw it.

Mr. Lee: I said the dimensions.

Mr. Miller: But I want to know what you mean by responsible.

Mr. Lee: Somebody at Rubber Teck has to be responsible for them.

Mr. Miller: I don't know about that. What do you mean by responsible? Did he prepare them, or what? [733]

The Court: Did he determine the dimensions? That is the problem here, whether he did the actual computation as to the dimensions and sizes and so forth.

Mr. Miller: Is that the question?

The Court: I assume that is the question.

Mr. Miller: That is what I want to get straightened out here.

Q. (By Mr. Lee): Did you determine the dimensions?

A. What do you mean by determine?

Q. How did you get them?

A. Our engineer drew them up.

Q. Your engineer drew them up? A. Yes.

Q. Mr. Aldridge determined those dimensions?

A. Mr. Aldridge, yes.

Q. Where did he get them from? Did he compute them? A. I don't know.

Q. You don't know where he got them?

A. No.

Q. Is he responsible to you? Did he talk them

(Testimony of Otto Grass.)

over with you? A. Yes, I imagine.

Q. Weren't you personally the developer of the Duo-Seals? A. Yes. [734]

Q. Well, he would get the dimensions from you then, wouldn't he?

A. A lot of these dimensions we got from customers. They asked for a certain size, and then we put it on our data sheet. They specified the size of washer, the size of bolt they wanted.

Q. These are dimensions of Duo-Seals, aren't they? A. Yes, they are.

Q. Let's get it straight. The customers supplied you with the dimensions and you made them that way, is that the way it goes?

The Court: That is not the answer. He said sometimes the customers did. He didn't say always. Sometimes the customers required certain sizes.

Q. (By Mr. Lee): When did they?

A. They do today. Every few days we get in special sizes we have to make. They have a specific sealing problem that they can use only one size, not the size we manufacture, and then we make up a special Duo-Seal for them.

Q. Are these all special Duo-Seals here?

A. Some of them are special.

Q. Which ones are special?

A. I don't know offhand. I would have to check it over.

Q. Would you check it over and tell me if there are [735] any special ones there?

(Testimony of Otto Grass.)

Mr. Miller: I don't see the materiality of this, your Honor.

The Court: Sustained.

Mr. Miller: I object to it.

The Witness: I wouldn't know which ones were special——

The Court: Just a minute. I sustained the objection.

The Witness: Okay.

Q. (By Mr. Lee): How about the dimensions showing on the back of Exhibit 77? Who determined those dimensions?

Mr. Miller: I don't think this is material here.

Mr. Lee: I think it is very material.

The Court: Overruled.

The Witness: Our engineer, George Aldridge.

Q. (By Mr. Lee): Mr. Aldridge worked up those dimensions on the back of Exhibit 77?

A. Yes.

Q. Under your direction?

A. No. He worked them up by himself, but I saw them after he had prepared them.

Q. And you approved of them? A. Yes.

Mr. Lee: I would like you to turn to page 104 of [736] your deposition, commencing line 2.

“Q. Are you responsible for working out the dimensions on these shown in Plaintiffs' Exhibit 10?

“A. Part of them, the rubber part, yes, but not the washer.”

Did you so testify? A. Yes, I did.

(Testimony of Otto Grass.)

Q. Did you do the computations on the rubber part?

A. There was no computation. It was trial and error.

Q. But you personally worked them out?

A. Yes.

Q. Does Rubber Teck manufacture O rings for commercial and military sale? A. Yes, we do.

Q. Are you in charge of the production of these? A. Yes.

Q. Are there standards for military O rings?

A. I don't know. I assume, yes.

Q. Have you ever seen any? A. No.

Q. You have never seen any?

A. I never have seen any what?

Q. Standards for military O rings.

A. Standard in what? Dimensions or what?

Q. Dimensions. A. Yes.

Q. Tolerances.

A. Yes, I have seen standards in dimensions and tolerances.

Q. During the fall of 1949 when you first came there, did Rubber Teck manufacture both the metal and rubber parts for Lock-O-Seals? A. Yes.

Q. Were the dimensions for the metal washers or retainers for Lock-O-Seals established when you came there?

A. That I couldn't answer. We had washers, that's all.

Q. They were established then?

(Testimony of Otto Grass.)

A. I don't know whether they were established, any size.

Q. You had washers. They were certain sizes, weren't they?

A. But whether the sizes were established, I don't know. We just had washers. I don't know what the sizes were or whether they were established. We made rubber to fit the metal washers we had then.

Q. In other words, there were metal washers there of different sizes when you came there?

A. Yes. [738]

Q. Were there any changes in the dimensions of these metal washers for Lock-O-Seals while you were manufacturing them?

A. Not that I know of.

Q. Did the Pacific Cut Washer Company subsequently take over the manufacture of these metal washers? A. Yes.

Q. Do you know approximately when that was?

A. I wouldn't know.

Q. You know that did happen?

A. I know that it did happen. We shipped the dies to them, but the date, I don't know.

Q. Did you test the rubber parts for Lock-O-Seals while you were manufacturing them?

A. Yes.

Q. Were they the right size?

A. We tested to find out if they were the right size.

Q. And were they the right size?

(Testimony of Otto Grass.)

A. While we were making them?

Q. Yes.

A. We assumed they were the right size.

Q. You tested them, didn't you?

A. We tested them in a piece of plexiglass like we showed here this morning, to see if the rubber was large enough to fill the void, but not extruded. By that we [739] determined our mold.

Q. As a result of these tests, they were made the right size, were they not? A. I think so.

Q. Did you test them under pressure?

A. No. [740]

Q. Have you tested Duo-Seals? A. Yes.

Q. Were they the right size? A. Yes.

Q. Did you get the washers for Duo-Seals from Pacific Washer Company?

A. We made them ourselves.

Q. When did you first start manufacturing them?

Mr. Miller: I don't see the materiality of this line of examination. I object to it on that ground.

The Court: I don't know whether it is material or not. Objection overruled.

A. I don't know when. I will have to check on the first date we made a die for making them, for making the washer.

Q. (By Mr. Lee): When you first manufactured Duo-Seals, did you get the washers from Pacific Washer Company? Didn't you?

A. Yes.

Q. And for some time thereafter?

(Testimony of Otto Grass.)

A. Well, for a small length of time, yes.

Q. And you bought all of them from Pacific Washer Company?

A. We bought a number of sizes.

Q. All the ones you used? [741] A. Yes.

Q. Are washers for Duo-Seals exactly the same size as washers for Lock-O-Seals?

A. No, sir.

Q. They are not? A. No, sir.

Q. Were they for the Lock-O-Seals you manufactured?

A. Not exactly the same size. Possibly within a few thousandths.

Q. I would like you to compare a few sizes from Exhibit 77 here, compare them with Exhibit No. 1. Would you read what the T or thickness of the washer is for half inch sizes?

A. 50/1000.

Q. 50/1000 in Exhibit 1? A. Yes.

Q. For half inch size is 50/1000?

A. Yes, yes, plus or minus 4.

Q. And that is plus or minus 4?

A. Yes.

Q. What is the I.D. shown on that, the actual I.D.? A. The actual I.D.?

Q. No. That would be the rubber, would it not?

A. No. The actual I.D. there would be the first higher diameter, I imagine, which would be [742] 750/1000.

Q. And on Exhibit 1, that is the same?

(Testimony of Otto Grass.)

A. 750/1000.

Q. Are any of those half inch sizes you are looking at?

A. They are not identical because you have plus or minus 4.

Q. This is plus or minus 4, is it not?

A. Yes, but we don't get the 54/1000 or 46/1000.

Q. Within your limitation of the tolerances expected, they are identical?

A. They are identical, yes.

Q. Is that true of most of the sizes on here?

A. I would have to look at them.

Yes, it is.

Q. On practically all of them, isn't it?

A. I imagine. Most of them are.

Q. Now, the tolerance for the thickness of the washer on Exhibit 77, that is your exhibit there——

A. Yes.

Q. ——is given, and what is it given as?

A. Plus or minus 4.

Q. Is that correct?

A. Is it correct for——

Q. For what the product is? [743]

A. Yes.

Q. So as I understand, the washer will be .050 for that size we are talking about, plus or minus 4/1000, is that right?

A. Yes, because that is the size of material you can buy, standard.

Q. Now, if this washer was thicker than .050, do you reduce it in making a Duo-Seal?

(Testimony of Otto Grass.)

A. Do we reduce the washer?

Q. The thickness.

A. The thickness of the material? No, we don't.

Q. Does the rubber mold accommodate itself to the thickness of the washer? A. Yes, it does.

Q. How does it do this? Does it have some sort of floating feature?

A. That is a secret.

Q. That is a secret?

A. It does accommodate itself to as much as 10/1000 variation in thickness.

Q. It floats up and down, let me say?

A. Yes.

Q. Do I understand, Mr. Grass, you were responsible for the selection of the name, "Duo-Seal"?

A. No, I wasn't. Some of our employees were.

Q. How was it selected?

A. I asked a number of people in the plant as to the name, what they would call this one-piece seal, and the majority came up with the name Duo-Seal, so I figured if the majority in the plant would come up with it, it would be a good name for the public.

Q. Did you show them "Lock-O-Seal" or anything like that?

A. I showed them the one-piece seal, yes.

Q. Were they familiar with the Wolfe Company name?

A. Some of them. Some of them never heard of the Wolfe Company.

(Testimony of Otto Grass.)

Q. Some of them never heard of the Wolfe Company? A. Never heard of them.

Q. As I understand it, you went to each one of them and asked them what they thought out for it and each one of them came up with the name "Duo-Seal"?

A. Not each one. The majority, I said.

Q. How many was the majority?

A. I don't know offhand; I would say approximately five out of seven, somewhere on that order, but I testified here before in my deposition to that amount. I don't remember the exact number.

Q. But it is correct that each one of those persons was just shown this piece and he sprung up with the name [745] "Duo-Seal"?

A. Not each one. The majority.

Q. Five out of seven? A. Yes.

Q. Are the dimensions you publish for the Duo-Seal Rubber Ring the same dimensions as you worked with in making rubber rings for Lock-O-Seal?

A. The dimensions we published for—I would have to hear that again.

Mr. Lee: Will you read the question?

(Pending question read.)

A. I assume they are.

Q. (By Mr. Lee): They are? A. Yes.

Q. For all sizes?

A. That I would have to check, but I assume they are.

Q. Well, as I understand it, you worked at

(Testimony of Otto Grass.)

these dimensions for the rubber rings yourself, did you not? A. Yes, I did.

Q. And they all happened to just come up the same as the Lock-O-Seal dimensions?

A. On Duo-Seals?

Q. Yes.

A. I can't use those dimensions on Duo-Seals. We don't need the I.D. of the ring, we don't need the thickness [746] of the ring.

Q. But you publish them, don't you?

A. We publish them as a data sheet, yes.

Q. As I understand it, these dimensions you worked out came out the same as the ones you previously had been working on?

A. The dimensions I worked out——

Q. You worked out the dimensions for the rubber parts on Duo-Seals, did you not?

A. Yes.

Q. Are the figures you publish accurate?

A. They are.

Q. They are the same as the rubber rings on the Lock-O-Seals?

A. They are the same on the I.D. but not on the washer or the O.D. of the rubber ring.

Q. They are not the same on the washer?

A. No. As our washer varies in thickness, our rubber varies in thickness.

Q. Now, for this half inch size, what is the W dimension?

A. The W dimension here would be 70/1000.

Q. And for this half inch size here it is 70/1000?

(Testimony of Otto Grass.)

A. 70/1000.

Q. Isn't that right? [747] A. Yes.

Q. Isn't that true throughout these——

A. Let me explain it. We have a 55 or 56/1000 washer. Our rubber is not 70/1000, but it is 76/1000 cross section.

Q. But if you have a 56/1000 cross section, it is 70/1000?

A. It is 70/1000, it would be somewhere near that. It wouldn't be exact, because you can't determine that size exactly.

Q. But if a washer is 50/1000, then it should work out to 70/1000?

A. It should come close to 70/1000.

Q. And that is true throughout, isn't it?

A. Yes, providing the washer is 50/1000. [748]

* * * * *

The Court: Bring in the plaintiffs' seal and the defendants' seal.

Mr. Fulwider: Could I say something, your Honor?

The Court: Yes.

Mr. Fulwider: This is a drawing prepared by Mr. Miller illustrating in one view the Lock-O-Seal and in another view the Duo-Seal. I believe what Mr. Lee is asking this witness to do is to mark in right there on the Lock-O-Seal drawing the difference between, or what would have to be done to that to make it into a Duo-Seal, and I think that is proper to illustrate the testimony. It is merely illustrative of the question as an aid to the court

(Testimony of Otto Grass.)

and possibly to counsel in visualizing these equivalencies. [751]

The Court: What is the difference between the two seals?

The Witness: Are you asking me?

The Court: Yes, I am asking you. I don't care anything about referring to that exhibit, but what is the difference between the two seals.

The Witness: One is bonded, has a flat portion on the washer side. The other has an O ring in a washer.

The Court: That is the only difference?

The Witness: That is the only difference that I can see. [752]

* * * * *

Mr. Lee: The shape of the thing is somewhat important, [753] your Honor.

The Court: You have got the defendants' seal in court. I can look at the shape. I know what the shape is. I get more from looking at the shape than this witness could tell me. Maybe you don't want me to look at it.

Q. (By Mr. Lee): Mr. Grass, does the Duo-Seal rubber ring function any differently than an O ring in a seal?

A. I don't know whether it functions differently or not. They both achieve the same purpose.

Q. They work the same way?

A. I don't know whether they work the same way. They achieve the same purpose.

(Testimony of Otto Grass.)

Q. If they don't work the same way, how do they differ?

The Court: He says he doesn't know.

The Witness: I don't know.

The Court: He says he doesn't know, but they work the same way.

Q. (By Mr. Lee): In other words, you don't know how it works?

A. No. I just know they both achieve the same purpose in sealing.

Q. You don't know of any differences in the way they work?

A. Not the way they work. There is a difference in the way they are constructed. [754]

Q. But you don't know of any differences in the way they work? A. No.

Q. You told us earlier that you are familiar with commercial and military O rings, is that correct? A. The size, yes.

Q. And the shape of them? A. Yes.

Q. Is it not true that no O ring is perfectly circular in cross-section?

Mr. Miller: May I have the question?

The Court: Read the question.

(Question read.)

Mr. Miller: No O ring?

The Court: Well, I suppose if you get down to the extremes that there are variances in O rings in the circular and cross-section, just like there is a variance in the cross-section of a doughnut. I suppose nothing is perfect.

(Testimony of Otto Grass.)

Mr. Lee: Did the witness answer the question, your Honor?

The Court: I don't know whether he did or not. Did you answer it?

The Witness: No, your Honor.

Q. (By Mr. Lee): Will you?

A. There is no perfect ring of any kind. [755]

Mr. Lee: May I see Defendants' Exhibit U?

Q. Referring to Defendants' Exhibit U for identification, this is a sheet entitled U. S. Air Force Standard. It shows an O ring, is that correct? A. Yes.

Q. And these standard O rings have a small projection on the outside of them? A. Yes.

Q. Do you have any engineering drawings on Duo-Seals at Rubber Teck?

A. Only data sheets.

Q. No drawings? A. No drawings.

Q. Do you have any drawings of molds for making Duo-Seals?

A. No, have no drawings.

Q. Do you have any sketches?

A. We made pencil sketches for the tool room.

Q. Are these sketches dated? A. No.

Q. What do these sketches show?

A. Show the toolmaker how to make the tooling.

Q. What do they show on them?

Mr. Miller: Now, your Honor, we are going into the trade secret angle of this thing on the mold and I think your [756] Honor has already passed on that in the motion here to produce in this case.

(Testimony of Otto Grass.)

The Court: What difference does it make? We are not interested in the molds.

Mr. Lee: I think we will be, your Honor.

The Court: Why? You don't have to claim any patent as far as the mold is concerned.

Mr. Lee: This goes to the unfair competition side of the case, your Honor.

The Court: In what way? If they took molds from the plaintiff and used those molds, it might be unfair competition, but that is not the evidence. They built their own molds. Objection sustained.

Mr. Lee: Your Honor, may I ask that the witness bring these sketches with him to court so that if we are able to establish the materiality we will have them here?

Mr. Miller: I am going to object to that.

The Court: No, I don't think I will make the order. If they are material, I may make the order. I don't know whether they are material. There is nothing in this case so far about taking the molds that belonged to the plaintiff. The fact of the matter is, I think the testimony is that those molds were sold and disposed of.

Mr. Lee: Molds for a two-piece Lock-O-Seal, your Honor. [757]

The Court: That is the only thing you want, isn't it, the two-piece Lock-O-Seal? You don't own any molds for a one-piece seal.

Mr. Lee: Yes, your Honor, we do. We manufactured millions of them.

Mr. Miller: There is no evidence in here that

(Testimony of Otto Grass.)

we ever had the molds for the Stat-O-Seal. We were merely asked to make a bid.

The Court: I will sustain the objection, Mr. Miller. I won't make the order that they be brought in to court until I am certain they are going to be material in this case. At the present time, I am not sure.

* * * * *

Q. (By Mr. Lee): Do you recall making a sketch of the Duo-Seal in your deposition, Mr. Grass?

A. Yes, I made two of them, I think.

Q. Is Plaintiffs' Exhibit 16 for identification the sketch you made?

A. It looks like the same.

Q. In Exhibit 16, the shape of the metal retainer is different than it is in the present Duo-Seal, is that correct? [758] A. Yes, it is.

Q. Did the form shown in Exhibit 16 precede the present Duo-Seals? A. It did.

Q. And you went from the form shown in Exhibit 16 to the present form?

A. No. I think we tried one other method with notches in it.

Q. You tried one with notches in it?

A. Yes.

Q. After that?

A. Either after this or before, I don't know which.

Q. You don't know whether it was before or after? A. No.

(Testimony of Otto Grass.)

Q. Were the first models made shortly after you got the idea of making these things that way?

A. I didn't hear you.

Q. Were the first models made shortly after you got the idea of making them that way?

A. No, we made models before we got the idea of making them this way.

Q. You made models before you got the idea of making them that way? A. Yes. [759]

The Court: Let me see that.

(Witness handing exhibit to the court.) [760]

Mr. Lee: I would like to offer Exhibit 16 into evidence at this time.

The Court: It may be received.

The Clerk: Exhibit 16.

(Said exhibit was received as Plaintiffs' Exhibit 16.)

The Court: Now, I understand that before you established the model that you are now using, you experimented in several different ways in which to attach the O ring to the metal ring, the metallic washer?

A. Yes, in order to get more surface for bonding.

The Court: And Exhibit 16, is that one of your first experiments?

A. No. I don't know which one it was. We have a number of them. I don't know which one that was, first or second or last. The last one was that, we make it now.

The Court: With the flat surface.

(Testimony of Otto Grass.)

A. With the flat surface.

Q. (By Mr. Lee): Do you have any records that would show when you made these various models? A. No. I kept no records on it.

Q. This letter, Exhibit 11, is dated November 20, 1953. I believe Mr. Karres testified that that was about the same time you first offered Duo-Seals to the public. Do you agree with that? [761]

Mr. Miller: May I have the question, please?

(Pending question read.)

A. I wouldn't know when the first sales—our Engineering offered them for sale.

The Court: Let me see that.

Q. (By Mr. Lee): Were the models that you made up of Exhibit 16 made shortly before you sent this letter to Fletcher, two or three weeks?

A. That I don't know. I never seen this letter in our office. I had no reason to see it.

I manufactured and made the parts. I didn't sell them. I took care of no office work.

Q. When would you place the time that you made the first models?

A. The first models were sometime in '52.

Q. Sometime in '52? A. Yes.

Q. The beginning or the end of '52?

A. Possibly the beginning.

Q. Possibly the beginning? A. Yes.

Q. And how do you establish that it was the beginning?

A. I can't establish it. I just assume that it was at the beginning. [762]

(Testimony of Otto Grass.)

The Court: When you say models you mean the experimental models?

A. The experimental models.

The Court: The experimental models?

A. That is right.

Q. (By Mr. Lee): Did you personally make the first models? A. Yes, I did.

Q. Did anybody else work on them with you?

A. Some of my tool makers made some of the models.

Q. Who were those tool makers, who would they be?

A. Well offhand it was Roy Hilts, was one of the tool makers, and George Danchuck.

Q. George Danchuck? A. George Danchuck.

Q. And anyone else work on them?

A. No, sir.

Q. Have you talked to them about this?

A. Yes.

Q. When do they say it happened?

Mr. Miller: That is the same question.

The Court: Sustained. Sustained.

The Witness: I haven't talked to them recently.

Q. (By Mr. Lee): You haven't talked to them recently? A. No, sir. [763]

Q. Do you have anything to refresh your memory as to when this happened?

A. No, sir, I couldn't.

Q. Who saw these first models, besides yourself?

A. Mr. Kerley, Mr. Karres and some of the people in the office.

(Testimony of Otto Grass.)

Q. Who in the office?

A. I can't give you the names of all of them; I don't know all their names. There was Virginia Holliday, was one, and Bettie, I don't know her last name, even. I am not familiar with them.

Q. Are they there now in the office?

A. One of them is, yes.

Q. Which one of them is it?

A. Bettie.

Q. Other than the people you have just enumerated, did anybody else see these first models?

A. I imagine. I couldn't say definitely.

Q. Who would you imagine saw them?

A. Possibly somebody that ran the mold.

Q. Who would that be?

A. That I wouldn't know.

The Court: Well, you are asking for speculation. He says he doesn't know.

Q. (By Mr. Lee): Do you have any other corroboration [764] to establish when you made these models, of any kind? A. No. I have none.

Q. Did you ever receive a request for a bid from the Wolfe Company to make models for their rubber Lock-O-Seals?

A. Not personally. I heard there was such a request.

Q. You heard there was such a request?

A. But I never made a bid on them.

Q. You did not make a bid on them?

A. No, sir.

Q. But you know there was such a request?

(Testimony of Otto Grass.)

A. I heard.

The Court: He said he heard there was a request; he didn't say he knew. He heard there was a request.

Q. (By Mr. Lee): Will you turn to page 97 of your deposition, Mr. Grass, commencing on line 7:

"Q. Did you ever have any other subsequent conversations with him?

"A. No, but I had a request to make a mold for them on their one-piece. They had a request in for us to quote on making a mold for their one-piece."

Is that the way you testified? A. Yes.

Q. So that at the date of your deposition you did remember it? [765]

The Court: Now, don't argue with the witness. You got it in the record. If there is a discrepancy there, you have got it in the record.

Q. (By Mr. Lee): You never saw the bid or the request? A. No, sir.

Q. Did you ever talk to Mr. Kerley about it?

A. Yes.

Q. "Yes"? A. Yes.

Q. Do you recall what was said?

A. Merely that they requested us to bid on designing a mold to make their part, Duo-Seal, or I mean their Stat-O-Seal.

Q. He wanted you to bid on making the mold?

A. They wanted us to design a mold to make their Stat-O-Seal.

(Testimony of Otto Grass.)

Q. You were the tool maker, weren't you, or in charge of tool making?

A. I was in charge of tool making.

Q. Why didn't you bid on that?

Mr. Miller: I object to that.

A. For various reasons.

The Court: Just a minute here. Is there objection?

Mr. Miller: Yes.

The Court: Sustain it. [766]

Q. (By Mr. Lee): As I understand it, there was a request in for a bid, was there not?

A. Yes.

Q. And you were in charge of the tool making, weren't you? A. Right.

Mr. Miller: Objected to. That has been asked and answered. It is getting repetition in here.

The Court: Well, he has already answered. Go ahead.

Q. (By Mr. Lee): And Mr. Kerley turned over this request to you? A. No, sir.

Q. He just simply said, "They request us to make a small mold", and that was the end of the matter? A. That was the end.

Q. Nothing else happened?

A. That is all.

Q. Were you on good terms with the Wolfe Company at this time?

A. I assume we were. I don't know on how good terms we ever were with them. I never had much dealing with them.

(Testimony of Otto Grass.)

Q. Do you recall a conversation that Mr. Kerley testified to yesterday concerning making a bid on a one-piece Lock-O-Seal or Stat-O-Seal with Mr. Smith and you? A. Yes. [767]

Q. Do you remember that conversation?

A. No. I don't ever remember anybody asking me to bid on designing a mold, except Joe Kerley.

Q. So you don't recall this conversation that Mr. Kerley testified to yesterday?

A. No, I don't.

Q. Did you see the Wolfe Company drawings of the one-piece Lock-O-Seal at about the time of that bid? A. No.

Q. Did you see any samples of their parts?

A. No, sir.

Q. Did you see any drawing of theirs on molds?

A. No.

Q. Any data sheets? A. No, sir.

Q. Do you recall this request for making a mold, that it was to be a single cavity mold or a multiple cavity mold?

A. It was to be a production mold.

Q. In other words, multiple cavity?

A. Multiple cavity.

Q. Do you recall whether it was for one or for several sizes?

A. That I do not know. We were merely to design a mold, to mold—to make a one-piece seal from. [768]

Q. Did you and Mr. Kerley have any conversa-

(Testimony of Otto Grass.)

tions about whether or not to make a bid on this request?

A. No. It was left entirely up to me.

Q. Did you ever tell anybody at the Wolfe Company that you were not going to bid on it?

A. No, because I never saw a written request for it; it was just I heard there was a request. I don't believe that they ever had a written request in. [769]

Q. Did Mr. Kerley suggest to you that you work up some figures on this bid on this mold?

A. I don't remember.

Q. You don't remember? A. No.

Q. Do you recall ever giving any figures on it?

A. I couldn't have because I would first have to design the mold in order to give any estimate.

Q. Did you ever show a sample of a Duo-Seal to anyone at the Wolfe Company?

A. Yes, to Paul Smith.

Q. When was that?

A. Over on Higuera Street in Culver City.

Q. When was it?

A. That I can't pin down to any certain date.

Q. Who was present? A. Paul Smith.

Q. And yourself? A. And myself.

Q. Anyone else? A. No.

Q. Mr. Karres wasn't there? A. No.

Q. What was said at that conversation?

A. I went over to see about if we could produce as [770] many of these Lock-O-Seals as they had orders for. They thought we weren't able to pro-

(Testimony of Otto Grass.)

duce them, so I went over to tell them we could make 300 cavity molds instead of 200 on our regular Lock-O-Seal.

At the same time I showed him this one-piece, and his exact words were, "Why make liars out of us? We are advertising a two-piece superior to a one."

Q. What was that one-piece you showed him made like?

A. Made similar to the one we are making today.

Q. Could you draw a sketch of it on the board? Is it exactly the same?

A. Similar to this one here.

Q. What is the difference about it, if anything?

A. I don't say it is exact. Nothing is exact. It is as near as we could make it the same.

Q. Was it made in the same way you make your present Duo-Seals?

A. As near as I remember, as near as is possible to make it the same, yes.

Q. Was the rubber molded into place?

A. It was molded into place.

Q. After it was made?

A. No, molded in while the part was in the mold, bonded in.

Q. In other words, it was not glued in? [771]

A. No.

Q. Did you tell Mr. Smith about how it was constructed?

A. No, merely showed it to him.

(Testimony of Otto Grass.)

Q. You just handed him one of these seals and said what?

A. "There is a one-piece seal."

Q. You didn't tell him anything about how it was made?

A. No. He could see for himself how it was made.

Q. Did you show him any sketches or a drawing of it? A. No.

Q. Coming back to your deposition, on page 97, I understand from the reporter that you made a change in the answer given there at line 9, is that correct? A. Yes, I did.

Q. You changed the word "bid" to the word "a request," is that correct? A. That's right.

Q. In other words, you think the reporter transcribed what you said incorrectly?

A. I don't know. [772]

* * * * *

Cross Examination

Q. (By Mr. Miller): While you were making Lock-O-Seals for Franklin C. Wolfe Company, were there any changes in the dimensions of the O rings that were made for the Lock-O-Seals?

A. Yes.

Q. Who made the changes? A. I did.

Q. Did you make these changes as the result of a test? A. As a result of tests, yes.

Q. On blocks similar to the blocks we had here this morning? A. With lucite blocks.

(Testimony of Otto Grass.)

Q. Why were the changes made as a result of those tests?

A. Because we found it was impossible to make the O ring to fit a blanked out washer so as to fill this void without experimentation.

Q. You found from actual tests that sometimes the O ring was too large for the washer?

A. Yes.

Q. And did you change your tooling accordingly?

A. We would take our molds and grind them down in order to make a washer to fit the standard washer we had then.

Q. Now, do you know whether or not when those changes were made the dimensions were changed on the data sheets? A. No.

Q. That the Wolfe Company was using?

A. No changes were made on the data sheet except possibly once.

Q. Now, can you tell me whether the actual dimensions on your Duo-Seals conform exactly to the nominal dimensions [775] given on your data sheets? A. They do not.

Q. Do they fall within the tolerances?

A. They would fall within a tolerance, yes.

Q. Then the dimension appearing on your data sheet would not necessarily be the dimension of the actual Duo-Seal for that nominal size, is that right?

A. That's right.

Q. How are these data sheets used by the airplane engineers?

(Testimony of Otto Grass.)

A. They are used to determine the size of the space they have to apply this seal.

Q. That is the inside diameter? A. Yes.

Q. Of the O ring.

A. The inside diameter to the bolt, and the o.d. to the space they have limited to put it in.

Q. Those are the principal dimensions the engineer is concerned with? A. Yes.

Q. In referring to Exhibit U, Mr. Lee called your attention to some projections on the O ring.

A. Yes.

Q. Is that commonly known as flash?

A. That is commonly known as flash on the parting of a [776] mold.

Q. Now, does that flash on the O ring occur at the top and bottom or on the inside and outside?

A. On the inside and outside.

Q. And according to that standard sheet, what is the maximum flash permissible?

A. Three thousandths high and five thousandths maximum in width.

Q. Were you acquainted with that standard sheet, Exhibit U, during the spring of 1949 and, say, during the year 1950?

A. Well, similar to this, if not this exact one.

Q. Did you use those standard sheets at all in determining dimensions of the O rings that went into the Lock-O-Seals? A. No.

Q. Did you make any difference to it at all?

A. No.

Q. I wish in this Exhibit 16 you would explain

(Testimony of Otto Grass.)

to the court what it was you were showing on this sketch, what you really have shown here.

The Court: I think this sketch speaks for itself, doesn't it?

Mr. Miller: Well, in a way it does, and I think it would take some little explanation on the way as to what [777] he was trying to show here.

Q. Can you explain what you were showing here?

A. The idea of this 45 angle was to give more bonding surface to hold the rubber, and at the same time to push the rubber toward the bolt.

The Court: Were you taking a part out of the rubber itself? Were you taking this triangle out of the rubber or were you still using a round O ring?

The Witness: No. We made the washer this shape, put it in a mold, and then molded the rubber into the metal washer.

The Court: So what you really did then was that you had an O ring then which was not a true O ring.

The Witness: No, your Honor.

The Court: Isn't that right?

The Witness: That's right. [778]

Q. (By Mr. Miller): Did you make any explanation of that kind of construction to anyone, to your knowledge, with the Franklin C. Wolfe Company?

A. No, sir.

Mr. Fulwider: May I have that question, please?

(Question and answer read.)

Q. (By Mr. Miller): When, do you have any

(Testimony of Otto Grass.)

way of fixing the approximate time it was that you heard of this request or bid for making the Stat-O-Seal?

The Court: As to making a mold.

Mr. Miller: Pardon me. I misspoke myself now. I will rephrase the question.

Q. What I am after is, do you have any way of fixing the time now when you heard that the Franklin C. Wolfe Company wanted you to submit a bid for a mold to make the Stat-O-Seal?

A. No, I can't fix a time.

Mr. Miller: That is all.

The Court: Any other questions?

Mr. Fulwider: I think we have a few now, your Honor.

Redirect Examination

Q. (By Mr. Lee): Did you say, Mr. Grass, that you made changes in the size of these rubber metal parts while you were making Lock-O-Seals for the Wolfe Company? [779] A. No, I didn't.

Q. You did not? A. No.

Q. You did not make any changes in the sizes?

A. I did make changes.

Q. You did?

A. On rubber. Now, you said rubber and metal.

Q. I see. On the rubber you made changes in the sizes? A. Yes.

Q. And when was that?

A. From time to time as we found out they were extruding or not sealing.

(Testimony of Otto Grass.)

Q. And which sizes did you change?

A. That would be hard to tell, but particularly we changed the 3/16 that I know of, because the print was changed. That is the only one we changed the data sheet on.

Q. You say from time to time. Do you recall how many times?

A. Possibly 10, 15. We had 25, 26 molds, and we changed most all of them, so it must have been a considerable number of times.

Q. And when was that? Can you fix it at all?

A. No. It was over the period of the time we [780] manufactured these, over a period of two years perhaps.

Q. Over a period of two years, and when would that two year period start?

A. That I couldn't tell you. When we started to manufacture until we quit manufacturing.

Q. Were these changes in the mold made to get the rubber to come out as the size shown on the data sheets or were they made in order to change the sizes of the finished part?

A. They were made to make this rubber the proper size to fit the washer we had at that time.

Q. To fit the washer you had at that time?

A. Yes.

Q. In other words, you changed the shape of the finished part?

A. Yes, we changed the finished O ring part.

Q. Then, did you tell Wolfe about these changes, the Wolfe Company people? A. I didn't.

(Testimony of Otto Grass.)

Q. Did you ever have any conversation with Mr. Gross about it? A. No, sir.

Q. Whose authority did you have to make changes in the sizes of the finished parts?

A. It was up to me to make the rings, the O rings to [781] fit the washers we had at that time, to make them fit, to fill the void as you call it, so they wouldn't extrude and yet had enough to seal. I decided whether they were right sizes.

Q. And you never told the Wolfe Company that you changed the sizes of their parts from time to time?

A. No. Only on one instance, I said, and that was a "—10" or 3/16, on which we ground the mold down 2/1000 on each side to make it 66/1000 cross section instead of 70. We changed it in one direction but not in the other.

Q. Was there any magnitude to these changes you are talking about making in those molds?

A. We simply took the molds and put them on a grinder and ground out a couple thousandths over-all surface.

Q. That was the total sum and substance of the change was to take a couple of thousandths off the mold? A. That is right.

Q. So that with the removal of a couple of thousandths the size always, is that the same?

A. That is right.

Q. Isn't there an inspection of procedures for sizes of O rings that you made for the Wolfe Company? A. We didn't inspect them for size.

(Testimony of Otto Grass.)

Q. You didn't inspect them for size? [782]

A. No, sir.

Q. Did they inspect them for sizes, do you know? A. That I don't know.

Q. Did they ever have any inspectors come to your plant? A. Not that I know of.

Q. There was no inspection procedure?

A. Except visual inspection to see that they were fully molded without pits.

Q. And they never had any discussion with you about inspection for sizes? A. Not with me.

Q. And you never knew of any inspections made? A. No, sir.

Mr. Lee: Is Exhibit 77 up here now?

Q. Didn't Rubber Teck make rubber rings to the order and specification of the Wolfe Company?

A. That I don't know, whether we made them to their specification. We made them merely to fit the O ring and the bolt diameter which we knew. We determined the size of the rubber from those two dimensions and not from a data sheet which was not complete enough to give us the information.

Q. The Wolfe Company did order these O rings, didn't they? [783] A. Yes.

Q. And they were supposed to be made to their specifications, weren't they?

Mr. Miller: Wait a minute. Now, wait a minute.

A. We had no specifications except the data sheet.

Q. (By Mr. Lee): What additional information was required in order to make the part?

(Testimony of Otto Grass.)

A. We had the size of the bolt. They gave us samples, when they were making the washers, they gave us samples of the washer. We made a rubber and put it in between two pieces of Plexiglass and tightened it up. If it did not extrude, we assumed it was all right. They did the final testing.

Q. Did you have data sheets similar to Plaintiffs' Exhibit 1?

A. That we made these from?

Q. That the Wolfe Company gave you?

A. I assume there was some, but I never used these sheets because the tolerance was too great to make it work.

Q. But they gave you more than the I.D. of the ring?

A. They gave us the I.D. and the O.D. of the ring.

Q. And the W dimension of the ring?

A. Yes, but we discovered these plus and minus 4 wouldn't work. [784]

Q. The plus or minus—

A. Plus or minus 2.

Q. Would they work? A. No.

Q. What would they have to be?

A. We would determine them by trial and error. I don't know what they were exactly after we made them.

Q. Would they be greater than .002 or less than that?

A. That I can't tell you. We made the ring, put them in the washer and tightened them up. If it

(Testimony of Otto Grass.)

filled the void in it, we assumed they were correct.

Q. The smaller the tolerance the more accurate the part, isn't that correct? A. Yes.

Q. So if your tolerance wouldn't work, you had to make them smaller than that, didn't you? You certainly could not make the tolerances larger than that, could you?

Mr. Miller: Wait a minute.

The Court: That is arguing with the witness, but find out what they did.

Mr. Lee: That is what I want to find out. I believe the witness stated that the tolerances shown in the data sheet would not work, your Honor, and I would like to know why he knows. [785]

The Court: All right. He has testified he made the O rings to conform to certain requirements, not from the data sheets that were presented to him, but from the actual making of the rings, to see if they worked.

Mr. Lee: Well, they had to work from something, and had to start off at a period with the size of something. [786]

The Court: They had these molds and you are asking for the change that was made in the molds, and he is trying to tell you he made the changes in the molds when he found that the O rings here were too large or too small.

Q. (By Mr. Lee): Is it your testimony, Mr. Grass, that all of these O rings that were made by Rubber Teck before you came there didn't work?

A. I don't know.

(Testimony of Otto Grass.)

Mr. Miller: I am going to object to it as assuming here that this witness hasn't testified to.

The Court: I sustain the objection. The witness says he doesn't know. He doesn't know what happened before he got there.

Q. (By Mr. Lee): There were molds there when you came, were there not?

A. Not made by Rohr, no molds ever made by Rohr.

Q. I didn't ask you whether they were made by Rohr or not. I am talking about Rubber Teck.

A. There were a few compression molds, yes.

Q. Were they inaccurate? A. Yes.

Q. They were? A. Yes.

Q. You had to change every one of them?

A. I redesigned all of them in order to make the ring [787] close enough. They were compression molds. The ones I made were transfer molds. The compression mold, if you put rubber in between the two surfaces and squeeze them down, your variation was greater than your tolerance because you couldn't extrude all the rubber out from two flat surfaces.

Q. So it is your testimony any rings made from the molds you found when you came to Rubber Teck were not accurate?

A. I didn't get the full question.

Q. It is your testimony any rings that were made from the molds that were there when you came to Rubber Teck would have been inaccurate?

A. Not any. Some of them.

(Testimony of Otto Grass.)

Q. Some of them?

A. Yes. Some possibly could have been right.

* * * * *

December 20, 1956, 10:00 o'clock a.m.

The Clerk: No. 18237-HW Civil, Rohr Aircraft vs. Rubber Teck, further trial.

Mr. Miller: Your Honor, at this time before we get started, we would like to make a demand that the application on the so-called one-piece Lock-O-Seal or Stat-O-Seal be produced.

The Court: You mean application to whom?

Mr. Miller: For a patent.

Mr. Fulwider: I don't see that that has anything to do with this lawsuit, your Honor. We are not attempting to sue under the application.

The Court: What difference does it make?

Mr. Miller: That's the point here. There is apparently some allegation here that we are accused of infringing a patent because we make a one-piece device. Mr. Fulwider told you at the start that they had an application on the Stat-O-Seal——

The Court: Your motion is denied. [794]

* * * * *

OTTO GRASS

the witness on the stand at the time of the adjournment, having been heretofore duly sworn, was examined and testified further as follows:

Redirect Examination

Q. (By Mr. Lee): Mr. Grass, were the rubber rings manufactured by Rubber Teck for the Wolfe

(Testimony of Otto Grass.)

Company supposed to fall within the tolerances of the Wolfe data sheets?

A. That I don't know.

Q. You don't know whether they were or not?

A. I don't know whether they were supposed to. We had no blueprints or sketches to make O rings from.

Q. You did have the Wolfe Company data sheets? A. We had a data sheet.

Q. And they were made to the order of the Wolfe Company?

A. They were made to the order of the Wolfe Company. [795]

Q. If the rings you manufactured did not fall within the tolerance of the Wolfe Company data sheets, they could be rejected by the Wolfe Company, could they not? A. They could.

Q. In the course of manufacturing these rings, you did have some rejects from time to time?

A. We had some rejections that came within the tolerances of the sheet because they extruded.

Q. Did you have any other rejects?

A. We had some for not being filled properly, imperfections, visual imperfections in the parts.

Q. And the changes you made in the Rubber Teck molds which you mentioned yesterday were to make sure that these rubber rings would fall within the tolerances of the Wolfe data sheets, is that right?

A. No. To make sure they would not extrude in the washers that we were using at that time.

(Testimony of Otto Grass.)

Q. That they would fall within the tolerances of the Wolfe data sheet?

A. I assume. We never checked it.

Mr. Miller: Your Honor, I——

The Court: The answer is already in. He said he never checked.

Mr. Lee: That's all, Mr. Grass. [796]

Cross Examination

Q. (By Mr. Miller): You say you were never supplied with any blueprints from the Wolfe Company? A. We never were.

Q. For making the tooling for the O rings for the Lock-O-Seals? A. That is right.

The Court: Now, that was gone into the other day. And how is this rebuttal to this testimony this morning?

Mr. Miller: It is not rebuttal to the testimony, but Mr. Lee just asked about it a moment ago.

The Court: He didn't ask about blueprints, did he?

Mr. Miller: I think the witness certainly testified to it or something.

Mr. Fulwider: The witness volunteered they didn't have any.

Q. (By Mr. Miller): Well, did you have any other information from the Wolfe Company on how to make the molds for the O rings for the Lock-O-Seal? A. No, we didn't.

Q. You had to design all of that tooling yourself? A. We did. [797]

* * * * *

FRANKLIN C. WOLFE

called as a witness on behalf of the plaintiffs, being first duly sworn, testified as follows:

* * * * *

Direct Examination [798]

Q. (By Mr. Fulwider): Mr. Wolfe, are you the founder of the Franklin C. Wolfe Company, one of the plaintiffs in this case? A. I am.

Q. What is your office with the company?

A. President.

Q. Can you tell me approximately when the Wolfe Company was started?

A. November of 1944.

Q. Prior to that time had you been in the Service, in the Armed Forces? A. The Air Force.

Q. And during approximately what period?

A. Slightly over 20 years.

Q. When did you retire?

A. October of 1944.

Q. And what was your rank?

A. Colonel. [799]

* * * * *

Q. I call your attention to Exhibit 91, which is a license from Rohr to the Wolfe Company. Will you just glance at that? Will you read the first sentence of paragraph 2 of [803] that exhibit on the first page?

A. In the manufacture of sealing devices hereunder, licensee agrees to conform strictly with the specifications furnished by licensor and agrees to use only the best of materials and manufacturing methods.

(Testimony of Franklin C. Wolfe.)

Q. That's fine. You were the licensee, that is, Wolfe Company was the licensee?

A. That's right.

Q. Rohr was the licensor. Did you at about the time you entered into this non-exclusive license agreement with the Rohr Company in 1948 for the manufacture of Lock-O-Seals request from the Rohr Company permission to have Rubber Teck continue with the manufacture? A. I did.

Q. Of Lock-O-Seals? A. Yes.

Q. Do you recall whether you ever wrote to Rohr Company formally making such a request?

A. I did.

Mr. Fulwider: May this be marked for identification?

The Court: It may be marked for identification.

The Clerk: Exhibit 95.

(The exhibit referred to was marked as Plaintiffs' Exhibit No. 95 for identification.)

* * * * *

Q. (By Mr. Fulwider): I show you Exhibit 95, being on Wolfe Company stationery, and addressed to Rohr Aircraft Corporation, attention Mr. Shepard, dated November 15, 1948. Would you read the first two paragraphs of that letter?

A. "Dear Mr. Shepard:

"Enclosed please find signed copy of the license agreement per U. S. Patent No. 2,396,005. In connection with paragraph 2 of page 1 concerning subcontracting for or sublicensing the manufacture of sealing devices, since Rubber Teck, Inc., of Gar-

(Testimony of Franklin C. Wolfe.)

dena, California, are presently manufacturing Lock-O-Seals for this company, we would like to continue with this arrangement under a separate agreement to be entered into with that company subject to your approval. Such approval by your office will be appreciated.” [806]

Mr. Fulwider: I would like to offer that in evidence, if I may, your Honor.

The Court: It may be received as Exhibit 95.

The Clerk: Exhibit 95.

(The document referred to was received in evidence and marked as Plaintiffs’ Exhibit No. 95.)

[See page 776.]

Q. (By Mr. Fulwider): Did you receive a reply to that letter? A. Yes, I did.

Mr. Fulwider: Will you mark this, please?

The Clerk: Exhibit 96 for identification.

(The document referred to was marked as Plaintiffs’ Exhibit No. 96 for identification.)

Q. (By Mr. Fulwider): Calling your attention to Exhibit 96, which is a letter addressed to Mr. F. C. Wolfe from the Rohr Aircraft Company, will you please read that? It is very short.

A. “Dear Mr. Wolfe:

“We acknowledge receipt of your letter of November 15th, together with one copy of executed license agreement.

“We would be pleased to review your tentative agreement with Rubber Teck for the manufacture of Lock-O-Seals and if satisfactory will approve

(Testimony of Franklin C. Wolfe.)

such agreement as provided in the terms of the license agreement.”

Mr. Fulwider: I would like to offer that. [807]

The Court: It may be received.

The Clerk: Exhibit 96.

(The document referred to was received in evidence and marked as Plaintiffs' Exhibit No. 96.)

[See page 777.]

Q. (By Mr. Fulwider): Now, what was the reason for your requesting that Rubber Teck continue the manufacture of Lock-O-Seals for you?

A. Well, we had had a good relationship with them, they had been able to supply our requirements, had met our specifications. We saw no reason for changing the manufacture.

Q. Did Rohr or Mr. Shepard on behalf of Rohr put any pressure on you whatsoever to request this approval or to continue with Rubber Teck?

A. No, there was no pressure.

Q. Calling your attention to Exhibit 17 which is titled Manufacturing License Agreement between Franklin C. Wolfe Company and Joe Kerley, I wonder if you will read for me the first sentence of paragraph 2 of that agreement.

A. “In the manufacture of sealing devices hereunder, licensee agrees to conform strictly with the specifications furnished by licensor and agrees to use only the best materials and manufacturing methods. Licensee agrees not to contract for the manufacture of all or any component parts of said

(Testimony of Franklin C. Wolfe.)

sealing devices hereunder without first securing consent of licensor." [808]

Q. Now, will you read the first sentence of paragraph 3 of Exhibit 92, which is the license agreement between Rohr and Wolfe Company, dated 25 July 1950, paragraph 3 this time.

A. "In the manufacture of the invention, licensee agrees to conform strictly with the specifications furnished by licensor and agrees to use only the best of materials and manufacturing methods. In the sale of the invention the licensee agrees to use only legitimate and generally accepted sales methods. Licensee agrees not to"— [809]

Mr. Fulwider: I only wanted the first sentence.

Now, going back to the date of that agreement that you just read, to the date of your earlier license agreement with Rohr in 1948 and the Exhibit No. 17 agreement between Wolfe Company and Rubber Teck, in 1948, did anyone at Rubber Teck raise any objection to the Wolfe Company continuing with the sales of the Lock-O-Seal?

A. No, sir.

Q. Did anyone at Rubber Teck say anything to you, to the effect that they did not wish you to have a license arrangement with Rohr?

A. Not to my knowledge.

Mr. Fulwider: Now, since the Green and Kyle agreement is in evidence, I would like to offer at this time a letter. I will get it. Mr. Miller has it, I think, here. That is this one here.

(Mr. Miller examines document.)

(Testimony of Franklin C. Wolfe.)

Mr. Miller: I don't get an opportunity to listen in Court and read letters at the same time, Mr. Fulwider.

Mr. Fulwider: Will you mark this the next number?

The Clerk: 97 for identification.

The Court: It may be marked.

(Said document was marked Plaintiffs' Exhibit 97 for identification.)

Q. (By Mr. Fulwider): I call your attention, Colonel, to Exhibit No. 97, being a copy of a letter on Franklin C. [810] Wolfe Company stationery addressed to Rohr. Wait a minute, wait a minute. Yes, that is right. Addressed to Rohr Aircraft. Will you read that, the whole letter, please? It is very short.

A. "Dear Mr. Shepard:

"It will be appreciated if a letter is forwarded to this office cancelling the non-exclusive manufacturing and sales license on Lock-O-Seal. While the new exclusive agreement covering the same subject naturally supersedes the non-exclusive agreement, such a notification is desired because of the necessary change of status that will be effected in connection with our original agreement with Mr. Joe Kerley of Rubber Teck, Inc. covering a sub-contracting manufacturing agreement."

Mr. Fulwider: Just a minute. I got these out of order. I am sorry, your Honor. That isn't the one. I had them arranged here and then they got mixed up. I want the letter marked 49. Where

(Testimony of Franklin C. Wolfe.)

is the letter marked 49? Did I give it to you? Here it is. Will you mark this one? This is the one I meant to have marked before.

The Court: It may be marked Exhibit 98.

Mr. Fulwider: After this one.

The Clerk: This is 98.

(Said document was marked Plaintiffs' Exhibit No. 98 for identification.) [811]

Q. (By Mr. Fulwider): Calling your attention to Exhibit No. 98, which is a letter from Rohr Aircraft Corporation to Green Rubber Machine Works, indicating a copy came to F. C. Wolfe, do you recall getting a copy of that letter? A. I do.

Mr. Fulwider: I don't think it is necessary to read that. I would like to offer it in evidence, your Honor. It is a letter concerning the cancellation of that old Green-Kyle agreement.

The Court: It may be received in evidence.

The Clerk: No. 98.

(Said document received in evidence as Plaintiffs' Exhibit No. 98.)

[See page 779.]

The Court: 97 is not in yet; it has only been marked.

The Clerk: That is right.

Mr. Fulwider: Yes.

Q. Now, would you read now the balance of 97?

A. "It is further requested that our company be authorized to subcontract to Rubber Teck, Inc. the manufacture of any components of Lock-O-Seal that may be desired.

(Testimony of Franklin C. Wolfe.)

“Your immediate attention to the above matters will be appreciated.”

Mr. Fulwider: Now, I offer in evidence Exhibit 97, your Honor. [812]

The Court: It will be received in evidence.

The Clerk: Exhibit 97.

(Said document was received in evidence as Plaintiffs' Exhibit No. 97.)

[See page 778.]

Mr. Fulwider: Now, I hand you a letter. First, let's mark it.

The Clerk: 99 for identification.

(Said document was marked Plaintiffs' Exhibit No. 99 for identification.)

Q. (By Mr. Fulwider): I call your attention to Exhibit 99 which is a letter from Rohr Aircraft Corporation to Franklin C. Wolfe Company. Will you read the second paragraph only of this letter? I think that is all that pertains to this.

A. “Paragraph 3 of the exclusive agreement requires our consent to your manufacturing source. We are pleased to advise that we approve Mr. Joe Kerley as a source of supply under this agreement.”

Mr. Fulwider: I would like to offer that in evidence, your Honor.

The Court: It may be received in evidence.

The Clerk: Exhibit 99.

(Said document was received in evidence as Plaintiffs' Exhibit No. 99.)

[See page 780.]

(Testimony of Franklin C. Wolfe.)

Mr. Fulwider: Now, in evidence is the sales agreement [813] between Wolfe Company and Rubber Teck, and there has been testimony to the effect that it was terminated. I think, to make the record complete, we should offer the letter which did terminate it, so that the documents are complete.

The Clerk: Exhibit 100 for identification.

(Said document was marked Plaintiffs' Exhibit No. 100 for identification.)

Mr. Fulwider: I don't think this needs any testimony. That is offered in evidence as the letter.

The Court: It may be received in evidence.

The Clerk: No. 100.

(Said document was received in evidence as Plaintiffs' Exhibit No. 100.)

[See page 782.]

* * * * *

Cross Examination

Q. (By Mr. Miller): What specifications on Lock-O-Seals did you get from Rohr at the time that you acquired this agreement, Exhibit ninety—— [815]

The Court: Well, now, for the purpose of anybody who reads the record, it would be more intelligible if instead of reading the exhibit numbers, you also use the "first agreement" and the "second", and the first was a non-exclusive and the second was an exclusive.

Mr. Miller: All right.

Exhibit 91, the agreement of 1948.

(Testimony of Franklin C. Wolfe.)

The Court: That is the non-exclusive.

Mr. Miller: That is right, that is the first agreement they had.

Mr. Fulwider: What was the question?

(Pending question read.)

Q. (By Mr. Miller): (continuing) —91.

Mr. Fulwider: May I inquire, you mean the particular specification as to size or specification of sheets or what?

The Court: Let us broaden the question and say, what did you get from Rohr, not only on specifications——

Mr. Miller: All right, I will broaden the question.

The Court: But also on the molds or anything else, what did you get from Rohr?

A. We received from Rohr, as I remember, a specification and data sheet similar to the type that we ourselves are now using, showing the dimensions and tolerances of various sizes. [816]

Q. You refer to Exhibit 1.

A. I don't know. This is the type of information that we got from Rohr, yes.

Q. Is that all the information you got from Rohr?

Mr. Fulwider: I object as going beyond the scope, your Honor. I deliberately held this witness down in the scope of his examination so we won't go far afield.

Mr. Miller: You had him read this paragraph 1.

The Court: Let me see if I can ask the witness

(Testimony of Franklin C. Wolfe.)

a question. I want to know some information myself.

When you got this first agreement, that is the non-exclusive agreement, Rubber Teck or its predecessors were manufacturing the seals?

The Witness: That's right, sir.

The Court: And ostensibly they had gotten the information from Rohr? You don't know?

The Witness: I don't know that.

The Court: We assume they got the information from Rohr.

The Witness: It originated from Rohr.

The Court: When you got this first agreement, that is the non-exclusive agreement, when you got it, you had no facilities for the manufacture of seals, did you?

The Witness: That's right, we did not.

The Court: So somebody had to manufacture them for [817] you.

The Witness: That's right.

The Court: So there was a period of time there you did not manufacture any seals, but the seals were manufactured by Rubber Teck?

The Witness: That's right.

The Court: When you first got this non-exclusive agreement, you didn't get any molds or tools or equipment or anything like that relative to setting you up in business for manufacturing seals?

The Witness: That's right.

The Court: All you got is some written memorandum.

(Testimony of Franklin C. Wolfe.)

The Witness: Specifications, that's right.

The Court: Specifications?

The Witness: That's right.

The Court: How long did Rubber Teck or its predecessor continue to manufacture the seals for you? To the second agreement, to the exclusive agreement?

The Witness: Past that.

The Court: Past that?

The Witness: Yes, sir. I don't remember the date exactly when they did stop manufacturing, but it was after the second agreement.

The Court: Then when you got the second agreement, which was an exclusive agreement, did you get from Rohr anything [818] other than the data sheets that you have been talking about? Did you get any molds, that is, from Rohr now?

The Witness: No physical equipment.

The Court: No physical equipment?

The Witness: No, sir.

The Court: You did get some physical equipment from Rubber Teck, didn't you? Isn't there some testimony that Rubber Teck turned over to you certain molds?

Mr. Miller: Some dies, your Honor, not molds.

Mr. Fulwider: Washer dies.

The Court: All right. You got some physical equipment from Rubber Teck.

The Witness: Yes.

The Court: When?

(Testimony of Franklin C. Wolfe.)

Mr. Fulwider: It was in 1951 some time, your Honor.

The Court: In relation to this second agreement?

Mr. Fulwider: It was about a year after that.

The Witness: It was after that, yes, sir.

The Court: It was after the second agreement?

The Witness: Yes.

The Court: So while you got the first agreement and got the second agreement, you never got any physical properties from Rohr?

The Witness: That's right.

The Court: Or physical properties from Rubber Teck? [819]

The Witness: Yes.

The Court: All you had were sheets of specifications and that sort of thing? .

The Witness: That's right.

Mr. Miller: I want to inquire about these specifications. To me, this is not a specification.

The Court: He says that is what he got.

Mr. Miller: I want to know if this was all he got in the way of blueprints or written instructions or written specifications.

The Witness: This is headed Lock-O-Seal Specifications, Series 2.

Q. (By Mr. Miller): Is that the only specification? A. That is the only——

Q. That you got from Rohr?

A. I couldn't answer that. There may have subsequently been a lot of additional sizes added

(Testimony of Franklin C. Wolfe.)

which would require the same type of information.

Q. Did you get that subsequent data sheet from Rohr?

A. I don't know that there was a subsequent data sheet. There probably was additional information as new sizes came about. During this whole time the Rohr laboratories and the Wolfe Company worked quite closely, and in a number of cases during verbal conversation, Mr. Gross, or possibly one of his men, would pass on information as to dimensions, tolerances, [820] and so forth.

Q. The agreement, Exhibit 91, that is the first non-exclusive license agreement, said in paragraph 2, "In the manufacture of sealing devices hereunder licensee agrees to conform strictly with the specifications furnished by the licensor."

A. Right.

Q. Was Exhibit 1 the only specification that you had to go by in complying with paragraph 2?

Mr. Fulwider: Object, your Honor.

The Court: He has answered he doesn't know.

Mr. Fulwider: He already said it was not.

The Court: He said he didn't know, there probably were some others, but he didn't know.

Mr. Fulwider: That's right.

Q. (By Mr. Miller): Do you have any recollection of receiving any other specifications or data sheet than Exhibit 1? A. I don't recall.

Q. At the time that you acquired the first license agreement? A. I don't recall.

Q. Did you undertake to make any inspection

(Testimony of Franklin C. Wolfe.)

of the Lock-O-Seals that you got from Rubber Teck to see whether or not they complied with the specifications, Exhibit 1, that you got from Rohr?

A. Personally, I didn't. We did inspect them.

Q. Who did the inspecting work?

A. Well, people in our inspection department or in——

Q. Can you name them?

A. No, I can't name them.

Q. Do you know the nature of the inspection that they made?

A. I believe both the retainer and the O rings were miked and measured for tolerance or within tolerance.

The Court: Mr. Miller, there isn't one word of evidence in this case that any of the work that was done by Rubber Teck was defective and not in accordance with specifications, and not entirely satisfactory. There has been nobody said, "The rings were unsatisfactory, we had to reject them, we had to turn them back."

So I assume that regardless of whether they are inspected or not, they were satisfactory. What difference would it make?

Mr. Miller: I am still floundering in the dark, your Honor, as to the second cause of action.

The Court: Let's don't flounder any more. We are pretty near ashore. Let's keep on going. [822]

* * * * *

PAUL F. SMITH

called as a witness by and on behalf of the plaintiffs, having been first duly sworn, was examined and testified as follows:

* * * * *

Direct Examination

Q. (By Mr. Fulwider): By whom are you employed, Mr. Smith?

A. Franklin C. Wolfe Company.

Q. Approximately how long have you been in the employ of the Wolfe Company?

A. Since August, 1949.

Q. What is your position with the Wolfe Company? A. General manager. [831]

* * * * *

Q. At the time you joined the Wolfe Company in August, 1949, they were manufacturing or, rather, were selling Lock-O-Seals, weren't they?

A. Yes.

Q. And those Lock-O-Seals were manufactured by Rubber Teck? A. Yes.

Q. Did the Wolfe Company require Rubber Teck to manufacture the products to certain tolerances? A. Yes.

Q. I call your attention to Exhibit 1, which is dated 5/18/49. Do you recognize that data sheet?

A. Yes.

Q. Can you tell me whether or not that data sheet was in effect as prescribing tolerances to be met by Rubber Teck at the time you joined the Wolfe Company in August, 1949?

A. I can't be sure if this is the one. I notice

(Testimony of Paul F. Smith.)

this is Change D, which indicates it is the fourth or fifth print under the same number or the fourth or fifth change. Whether this D change was the one in use at the time I went to work for the Wolfe Company, I can't say. [833]

Q. It is typical of sheets that were being used by the Wolfe Company at the time you went to work for them? A. Yes, sir.

Q. Is it likewise typical of data sheets that were prepared in the next several years?

A. The data itself is typical, yes.

Q. Was it the practice of the Wolfe Company as new data sheets were made up or changes in old data sheets were made, to send them or deliver them to Rubber Teck? A. Yes.

Q. Did the Wolfe Company inspect the rubber rings that were delivered to it by Rubber Teck?

A. Yes.

Q. Will you tell us very briefly the nature of the inspection, how that was accomplished?

A. We made a cone-shaped device, having a very gradual taper. About every half inch down the length of this device would be a little ring and a mark showing that was a certain specific diameter. We would drop the O ring down freely and squarely on this cone, and the marks would indicate the inside dimension. While it was held on the cone, we would use a pair of micrometers and measure the outside dimension, and we would use micrometers to measure the thickness.

Q. And these tests that you have just described

(Testimony of Paul F. Smith.)

are tests run on rings delivered by Rubber Teck?

A. Yes.

Q. If the rings delivered to you by Rubber Teck didn't fall within the tolerances prescribed by the Wolfe Company as shown by these tests, were they rejected?

A. Yes.

Q. If they met the tolerances, they were satisfactory?

A. Yes.

Q. I would like to call your attention to Exhibit 7, which is a series of data sheets all clipped together, I think. I call your attention to this Exhibit 7, which is a series of sheets, I believe arranged in chronological order. Will you tell us briefly first what those sheets are, what they represent?

A. They are dimensional specifications of the rubber and metal portions of Lock-O-Seals.

Q. Now, starting with the top sheet—first, are they likewise typical of sheets given to Rubber Teck during the period that they were manufacturing Lock-O-Seals for the Wolfe Company?

A. Yes.

Q. Starting with the first sheet, will you identify or explain briefly what each sheet shows and indicates with respect to Lock-O-Seals?

A. The first sheet gives the data dimensions and tolerances of the metal retainer portion of the Lock-O-Seal, and [835] was used for manufacturing purposes and in plant, in our plant inspection of metal retainers.

Q. All right.

(Testimony of Paul F. Smith.)

A. The second sheet is similar except it describes the rubber O ring dimensions.

Q. Do those two sheets you have just described have on them tolerances? A. Yes.

Q. And is this second sheet you have just mentioned manufacturing tolerances like the first one you said?

A. Yes. These drawing were used for manufacturing purposes as being slightly different with tighter dimensions, closer dimensions than the published data sheets that would be possibly used by the inspectors at our customers, allowing us a little bit of leeway in perhaps a method of measuring.

Q. Do I understand that as to some sizes that you require the manufacturer to meet slightly tighter tolerances, shall we say, than you advertised to the trade? A. Yes.

Q. Why was that?

A. If we used as broad tolerances as was shown in our sales literature, we could get beyond the proper dimensioning because of the accumulation of those tolerances and have a part that might be substandard in performance.

Q. What does the third one show? [836]

A. The third sheet is typical of the type of drawing we supply to the customer's inspection department, their receiving inspection department. Generally, they don't like to use sales literature for inspection. They want a sheet for their book, and this was prepared for that purpose.

(Testimony of Paul F. Smith.)

Q. That sheet was used by the customers' inspectors? A. Yes.

Q. On Lock-O-Seals that you delivered?

A. Yes. The next sheet is a repetition of one of the others, manufacturing purposes for the metal retainer, calling out additional specifications for added types of steels that might be used in Lock-O-Seals.

Q. How about the last one?

A. I didn't hear you.

Q. The next one, please.

A. The next sheet is the same.

Q. Is that manufacturing tolerances of customer inspection tolerances, the last one?

A. This would be manufacturing tolerances, I believe. Without getting into detail comparison, I am not sure, but I believe it would be. It shows, I believe, one or two additional types of steels that might be applicable. It also shows a change in dimension from the previous sheet adding—it says Changed Dimensions on our Size 10 3/16 and our size 1/4. It is a later print, approximately 10 months later. [837]

Q. (By Mr. Fulwider): As I understand it, in 1949, when you came with the Wolfe Company and for some time thereafter, Rubber Teck supplied the completed part, that is to say, both the rubber rings and the metal washers, is that right?

A. Not exactly. During those initial stages, they supplied us with nothing but a bill for the merchandise. As we gave them a copy of our sales

(Testimony of Paul F. Smith.)

order, gave them two copies, one which became the packing slip, and the other copy became in essence their purchase order and was continued by them, and it told them where to ship it, how to ship it, to what customer. They did not ship it to us.

Q. That is, they shipped directly both the metal washers and the ring as a complete product?

A. Yes.

Q. Directly to the customer? A. Yes.

Q. Do you recall when that procedure was changed?

A. It would be about the middle of 1950.

Q. Or approximately 1951?

A. It might have been a little later in '50, sometime after we moved to the Mississippi address and before we moved to the Culver City address is the only way I could associate the time.

Q. In that general period. After that change was made, [838] tell me what was that change or what precipitated that change? Did you buy the dies from Rubber Teck for making metal washers?

A. Yes, we arranged with them to buy the dies that were in possession of Pacific Cut Washer, and buy the washers directly from Pacific Cut Washer Company as they had been doing. As to what precipitated it, it is my recollection that we felt—

Q. I didn't mean what precipitated the change, other than just buying the dies. Then after you made that change, then Pacific Cut shipped the washers to you, I take it, and then you assembled and sent out the product, is that correct?

(Testimony of Paul F. Smith.)

A. Yes.

The Court: Where did you get the O rings?

A. We bought them from Rubber Teck.

The Court: You still bought them?

A. Yes.

Q. (By Mr. Fulwider): After that time, when you—and when I say “you”, I mean the Wolfe Company,—started doing your own assembling and shipping——

The Court: What year was that you started doing your own shipping?

A. About the middle or the latter part of 1950, at the time we bought the dies. That, I suppose, could be [839] established.

The Court: That is all right, the latter part of '50.

Mr. Fulwider: I think it was in the early part of '51. There is about a six months period there that we haven't pegged. About the first of 1951.

Q. After that time when you started shipping these directly to the customers, did you purchase all of your requirements for the rubber rings used in Lock-O-Seals from Rubber Teck, Inc. up until the time, say up until the time you knew they were making a Duo-Seal?

A. With one exception which I believe has been discussed before.

Q. It was mentioned just briefly. You might explain that.

A. In one period I believe in 1952, we received a very, very large order for quite a number of

(Testimony of Paul F. Smith.)

Lock-O-Seals. The capacity to produce them was beyond Rubber Teck at the time. They didn't want to tie their whole plant up exclusively with this thing for months, because they had other customers, and we had a few presses, and we agreed we would make part of it and they would make part. And we made some models. I believe they made a couple of models or supplied a couple of models to us to help so we could jointly get this order filled.

Outside of that one specification, to the best of my [840] knowledge, we had never made or purchased elsewhere a single Lock-O-Seal O ring from anyone except Rubber Teck.

Q. In connection with this large Government order that you mentioned, did you and Rubber Teck work fairly close together in getting out that order?

A. Yes. We worked close together, about fifteen hours a day, to keep up with the schedule. It was the first big thing that ever happened to either one of us.

Q. And did that work run over a period of three months?

A. It possibly took four months of production and filling of the orders, possibly five.

Q. And as I understand, this arrangement for you to assist in the manufacture of these rings for the Government on that large order was agreeable to Rubber Teck?

A. Yes, sir.

Q. They never indicated to the contrary?

A. No. They worked with us and knew, with

(Testimony of Paul F. Smith.)

full knowledge of it, even before we received the order, because we couldn't bid on the order unless we were sure it could be produced, and we arranged that even before we made our quotation on the order, that we felt we jointly could do it.

Q. Was that joint effort, at least the cooperation exhibited in that joint effort, the usual procedure during [841] the period Rubber Teck and your company worked together? A. Yes.

Q. Was that cooperation a case of cooperating together in many efforts?

A. During most of that period we acted as their sales representatives for their job rubber, and we practically lived together as a family, slept together day and night. I was in their plant up to 1952 almost twice a day as an average, and we all were back and forth.

Q. And in connection with that, you said you had many conversations and conferences. Was that fairly continuous over this entire period of relationship with Rubber Teck?

A. From 1949 up through '52, yes. At that time I was so tied up in the plant, my personal contacts with them were dropped off considerably.

Q. Did the Wolfe Company have a similar relationship with the Rohr Company? By "similar" I mean cooperative relationship?

A. Yes, we had the use of their laboratory facilities or at least they would do almost anything we asked them to do in their laboratory. In fact, they were committed to, under our agreement and

(Testimony of Paul F. Smith.)

it was—Mr. Gross was part of the “family”.

Q. And did Mr. Gross, in behalf of Rohr, collaborate [842] with you, and I assume with the Rubber Teck people, in the design of new parts, the use of new sizes and modifications on Lock-O-Seals?

A. Up to about the middle of '51, yes. About that time we had acquired our own laboratory and started to do our own experimental work on compounds in conjunction with Mr. Gross, and gradually did more as time went on.

Q. And did the Rohr Company submit to you from time to time reports on this testing department experimental work they did for the Rohr Company? A. Yes.

Q. Did you transmit any of those or show any of them to personnel of Rubber Teck?

A. I can't remember any specific situations. I am sure I did.

Q. Do you remember whether or not you gave them the information in the reports, discussed the information—— A. Yes.

Q. ——with personnel of Rubber Teck?

A. Definitely.

Q. I call your attention very briefly to Exhibits 24 to 29. Is Exhibit 24 typical?

I call your attention to Exhibits 24 and 25; are those typical of the type of Rohr Aircraft report that you just mentioned as having been submitted from time to time [843] to you by Rohr Company?

A. Yes.

(Testimony of Paul F. Smith.)

Q. And is the same true of Exhibits 26 and 27, which I hand you now? A. Yes.

Q. And 28? A. No.

Mr. Fulwider: "No" to 28. Maybe I got the wrong one in there.

The Witness: 28 is more of a summary of various evaluation tests and wouldn't be typical because it would be the unusual under my interpretation.

Q. Do you recall having seen any of those Exhibits 24 and 28?

A. I don't recall 24. I do the rest, yes.

Q. Now, I believe the Wolfe Company manufactures a one-piece fastener seal, does it not?

A. Yes.

Q. Presently sold under the trademark Stat-O-Seal? A. Yes.

Q. Was it initially sold under the trademark Lock-O-Seal? Was it called one-piece Lock-O-Seal?

A. It may have been a Lock-O-Seal. I know it was for some time referred to as a one-piece Lock-O-Seal.

Q. Did you at that time——

The Court: When did you first start to manufacture a one-piece seal?

The Witness: The word manufacture is rather broad, your Honor.

The Court: When did you start to put it upon the market then?

The Witness: Put them on the market, yes.

The Court: You manufactured—when did you first start to sell them?

(Testimony of Paul F. Smith.)

The Witness: It wold be in June or July of 1952 that we first offered them to the trade.

The Court: Do you know when the defendant first [845] offered its one-piece seal to the market?

The Witness: No, I don't.

The Court: Do you know whether it was before or after 1952?

The Witness: I know when I first saw the defendants' Duo-Seal, it was a long time after we had been producing and selling Stat-O-Seals or one-piece Lock-O-Seals.

Q. (By Mr. Fulwider): Are the one-piece seals called Series 600? A. Yes.

Q. That is true of the Stat-O-Seals today?

A. Yes.

Q. They are Series 600? A. Yes.

Q. Was that also true when they were being sold as one-piece Lock-O-Seals? A. Yes.

Q. Have they always been called Series 600?

A. The first few months of development, they probably had no number. That number is only used when we have decided to make it a catalog item and put it into our catalog. Up to that time we used drawing numbers and not a series number.

Q. I call your attention to Exhibit 15, which is a loose-leaf notebook with a number of Franklin C. Wolfe sheets in it, and particularly to this sheet, which I will mark with [846] an X down here in the corner, the lower right-hand corner. Will you read the title, please?

A. One-Piece Lock-O-Seal, Aircraft Series 600.

(Testimony of Paul F. Smith.)

Q. Will you explain to the court what that sheet indicates?

A. It is a specification sheet showing the basic dimensions of about 10 sizes of one-piece Lock-O-Seals, the method of calling it out to obtain specific types of rubbers and metals in combination as desired.

Q. Does it illustrate a construction of the Stat-O-Seal, what was then the one-piece Lock-O-Seal, at least schematically?

A. To a reasonable extent, yes.

Mr. Fulwider: I don't believe this has been offered yet, so I would like to offer 15 in evidence at this time.

The Court: It may be received in evidence.

The Clerk: Exhibit 15.

(The exhibit referred to was received in evidence and marked as Plaintiffs' Exhibit No. 15.)

Q. (By Mr. Fulwider): Now, calling your attention to Exhibit 22, which bears the title at the top, Stat-O-Seal Bolt or Stud Seal, Series 600, will you explain to me what that is, what it shows?

A. This, with some additions, is identical to the previous [847] exhibit as marked except it is called Stat-O-Seal, Bolt or Stud Seal, Series 600. This is a later issue and shows additional sizes and additional materials combinations.

Q. Is that the same product that is shown in Exhibit 16, the sheet in the loose-leaf book you just looked at?

A. Yes.

(Testimony of Paul F. Smith.)

Q. The same product, merely sold under a different trademark? A. Yes.

Q. But carrying still a notation, Aircraft Series 600?

A. It doesn't say Aircraft Series in this case. It merely says Series 600.

Mr. Fulwider: I would like to offer that in evidence, your Honor.

The Court: It may be received in evidence.

The Clerk: Exhibit 22.

(The exhibit referred to was received in evidence and marked as Plaintiffs' Exhibit No. 22.)

[See Book of Exhibits.]

Q. (By Mr. Fulwider): I believe you stated just a moment ago that Wolfe Company started manufacturing this Series 600 fastener seal, one-piece Lock-O-Seal or Stat-O-Seal in—what was it—June or July, 1952?

A. I said they offered them to the trade at that time.

Q. Can you tell me when the development work on the one-piece Lock-O-Seal started, approximately? [847a]

A. Started working on the project in late 1950, as close as I can come. I know we started in the Mississippi Street building and we moved from there in middle 1951, so it would be early 1951, maybe late 1950.

Q. That would be in 1951, you say?

A. Early 1951.

(Testimony of Paul F. Smith.)

The Court: You started to do work on this single seal then about the same time you started to do your own shipping, is that right?

The Witness: It would be a little later. We had acquired our laboratory by that time and that was a little after we started doing our own shipping.

The Court: You said a little while ago you started to do your own shipping the latter part of 1950, early part of 1951.

The Witness: Yes.

The Court: Now you say you started to work on the single seal in 1950.

The Witness: The latter part of 1950.

The Court: I beg your pardon?

The Witness: I say the latter part of 1950 or early 1951.

The Court: So you started to work on the single seal about the time you started to do your own shipping?

The Witness: It would be very close, a matter of a [848] few months.

Q. (By Mr. Fulwider): Going to the year 1952, was considerable experimental work done in the first half of 1952 with respect to the one-piece seal?

A. Yes. We had determined the criteria for the design and were working on ways of producing the rather complicated metal retainer. We withheld them from the market until we had reasonably licked the problems, which were considerable.

Q. I call your attention to Exhibit 60. Will you explain briefly what Exhibit 60 shows in relation

(Testimony of Paul F. Smith.)

to the development or manufacture of one-piece seals by Wolfe Company, Exhibit 60 being a drawing No. MD-710, dated 4/18/52?

A. This is a drawing of the mold insertion to form the rubber into the metal retainer and cure it in that position.

Q. Does that drawing show the shape of the metal retainer?

A. No. It merely shows the detail dimensions of the mold and the method of sprueing.

Q. Will you refer to Exhibit 61, which is a Wolfe Company drawing No. MD-701-A bearing date 5/3/52, and explain what that shows?

A. This shows the detail dimension and configuration of the rubber portion of the seal after it has been vulcanized into the metal retainer, the finished product.

Q. That shows a completed one-piece seal? [849]

A. Yes.

Q. Or a portion of it? A. Yes.

Q. Is that a cross-sectional view?

A. That is a cross-sectional view with all details, with the exception of the details of the metal portion itself.

Q. Will you take this red pen and draw a lead line out from the extended metal portion of the washer and label that M?

A. (Witness complying.)

Q. Now, will you take and make a lead line out from the rubber portion and label that R?

A. (Witness complying.)

(Testimony of Paul F. Smith.)

Q. Referring now to Exhibit 62, which is a Wolfe Company drawing No. MD-710-C and bears date 5/5/52, will you explain to the court what this drawing shows?

A. 62 shows the detailed dimensioning of a rubber mold, a section of a rubber mold to produce the one-piece Lock-O-Seal. This would be the mold into which the rubber was injected and vulcanized onto the metal retainer.

Q. Anything else of note on there?

A. Merely it says "Mold Insert for $\frac{1}{4}$ inch one-piece Lock-O-Seal."

Q. Referring to Exhibit 63, Wolfe Company drawing No. [850] MD-702, bearing date 6/7/52, will you explain what this drawing shows?

A. This shows a portion in cross-section of the rubber portion of a finished one-piece Lock-O-Seal, giving all the pertinent dimensions, describing the geometry of the rubber configuration in detail.

Q. Will you mark in red on that drawing the metal and rubber parts and indicate them as M and R, as you did in the earlier drawings?

A. (Witness complying.)

Q. Now, referring to Exhibit 64, Wolfe Company drawing—it doesn't seem to have a number, but it is dated 7/11/52, will you explain to us what that shows? It carries the legend at the top Transfer Mold, one-piece Lock-O-Seal.

A. This describes schematically an assembled multiple cavity mold to produce a quantity of one-piece Lock-O-Seals at one time. It is of the so-

(Testimony of Paul F. Smith.)

called transfer pot type of construction and was undoubtedly drawn up for use by a sub-contractor, as we did not use this type of construction in our own plant, where we used the injection type of molding technique. [851]

Q. (By Mr. Fulwider): At that time did you have any plan to acquire molds, transfer molds, such as illustrated in this drawing, Exhibit 64?

A. For our own purpose?

Q. Yes, I mean did you contemplate acquiring equipment of that type?

Mr. Miller: I don't think that is material, your Honor, whether they planned.

The Court: Sustained.

Q. (By Mr. Fulwider): Now, I wonder, can you, from what is shown in this drawing, express how that type of mold operates? Is that drawing sufficient for that purpose? A. Yes.

Q. Perhaps you can just explain to the Court a little bit how that type of mold functions.

A. Well, with this mold, first the metallic insert or one-piece Lock-O-Seal would be placed in to the mold, in the blow-up, in here. The two halves of the mold would be put together. They are on dowels that index them. Then a piece of rubber would be placed in this area, under this pot, or they call it a plunger, into the pot under the plunger. The mold would then be pushed into a rubber press, which has an upper stationary head platen and a lower movable headed platen that is pushed up with a hydraulic ram. You would then turn the valve and

(Testimony of Paul F. Smith.)

the ram [852] would push this platen up until the two of them are squeezing to maybe a hundred or two hundred of tons of pressure on these two parts. That would transfer all the pressure from that ram through the rubber in the pot and forces it down through these little screw holes, with even a smaller screw into the cavity provided in the mold and forming the finished part.

Q. Is that general construction typical of what is known as transfer molds? A. Yes.

The Court: We have no problem here about the molds, do we? We are not interested in the actual molding of these rings.

Mr. Fulwider: We are on the unfair competition count, your Honor. It will become very apparent that it is very material shortly.

The Court: They have done these from time immemorial.

Mr. Fulwider: That is right.

The Court: And you are not claiming any patent as to your making the O rings and you are not claiming any unfair competition in the matter of the O rings, are you?

Mr. Fulwider: We are in the making of the Duo-Seal. This goes directly to the heart of our unfair competition case. In about thirty more minutes it will become really apparent. [853]

The Court: All right. I have interrupted you. I want to ask a question.

Mr. Fulwider: All right.

Q. (By The Court): I notice that all these draw-

(Testimony of Paul F. Smith.)

ings you have been testifying to are marked "obsolete"? A. Yes.

Q. When was the word "absolute" put on the drawings? These are original drawings, I assume, and I note that someone has the word "obsolete" on them.

The Witness: No, your Honor. These are prints of the originals. It has been our policy, when a part becomes obsolete or is changed, to make a print, put it in the obsolete file, and destroy the original so it can't be duplicated and cause us to make the wrong parts. For example, this one here, M 7-10-C, "C" indicates that the first number was 7-10, and "7-10-A" would be the first time it was changed, and 7-10-B was the second.

This (indicating) was the third time this drawing has been changed. Now, when it was obsoleted, I don't believe it is noted. It says it was revised on 7-30-52. When it was revised, it would be obsolete. At this time there are original ones showing we experimented further.

The Court: This word "obsolete" was put on sometime after the original drawing was made?

A. Yes. It might have been used for months.

The Court: And it shows that you are not using these drawings any more at all?

A. No. That is correct.

The Court: What is your present address?

A. 10567 Jefferson Boulevard, Culver City.

The Court: When did you move from 3644 Eastham Drive, Culver City?

(Testimony of Paul F. Smith.)

A. In April of this year.

The Court: Oh, in April of this year?

A. Yes.

The Court: When did you move to 3644 Eastham Drive, Culver City?

A. In September or October, 1951. Our lease there was for five years and was to expire in September or October of this year. That is how I place the date.

The Court: And what was the date of it?

A. September or October of 1951 we moved to the Eastham Avenue address.

The Court: Yes. All right.

Mr. Fulwider: Is that all, your Honor?

The Court: That is all at the present time.

Mr. Fulwider: I have four more prints and I want to get these in before 12:00 o'clock. These are Exhibits 65, 66, 67, and 68.

Q. Will you tell us briefly what each one of those [855] indicate?

A. 65 again is the mold insert drawing showing all details. That is it.

Exhibit 66 is a drawing showing the geometry or external dimensions of the finished one-piece Lock-O-Seal in section.

And Exhibit 67 is another drawing showing the mold dimensions of a $\frac{3}{8}$ inch size one-piece Lock-O-Seal.

And Exhibit 68 is the same, except that it is a half inch one-piece Lock-O-Seal.

Q. (By Mr. Fulwider): Has the Wolfe Com-

(Testimony of Paul F. Smith.)

pany been manufacturing one-piece Lock-O-Seals, or we will call them Series 600, because that applies to both the old name and the new name, has the Wolfe Company been manufacturing Series 600 Seals continuously from the day it first started in 1952 up until today, and including today?

A. Yes.

The Court: Well, when did you first start to manufacture and to put upon the market the Lock-O-Seal that was introduced in this case originally, that is, the present model?

A. The two-piece?

The Court: No.

A. The one-piece?

The Court: The one-piece. Now, all these drawings here are obsolete? [856]

A. Yes.

The Court: Where is your current drawing? Where is your good drawing?

Mr. Fulwider: We didn't bring them in, your Honor. The principal purpose of these drawings is to show, well, for several purposes, but first, to show the date of the development, at least a date in the development.

And additionally, we didn't think it was necessary to the case to give the defendants the benefit of our most current drawings. These drawings are of the vintage and period about which we are complaining.

The Court: I don't care anything about your drawings, if the witness can tell me when you first

(Testimony of Paul F. Smith.)

started the manufacture of your present model?

Mr. Fulwider: I think he has already testified to that, your Honor, as being in 1952.

The Court: Oh, no.

Mr. Fulwider: Because any changes necessary, then, if any, were minor, I believe.

The Court: He started to manufacture these various models in 1952, and for instance, Exhibit 68 is dated 9/26/52.

Mr. Fulwider: May I interject. Each of these drawings doesn't necessarily represent a model put on the market. [857]

The Court: Oh, they were experimenting?

Mr. Fulwider: That is right.

The Court: Trying to find out something. Now, they evidently came to the conclusion that the solution of this problem was the solution as found in Exhibit 22, which shows a flat surface and shows an O ring with, I call it, a lip or it is an extension on which there is a flat surface, and evidently you are now binding the O ring to a metal washer on a flat surface?

The Witness: Take the other exhibit, because that is marked in the lower left-hand corner of the book, that shows one of the original pieces. It is marked in the lower left-hand corner.

The Court: You want to get the 600 Series now?

The Witness: Yes, that is the one.

The Court: Is that the one?

The Witness: This is the one-piece Lock-O-Seal or Series 600.

(Testimony of Paul F. Smith.)

The Court: All right, now, when was that put out? I can't find any date on this sheet.

A. I can't tell positively. It was some of my work and our advertising agency took over sometime in '53, so it was sometime in '52, I would guess.

The Court: Well, now, you didn't go to the Eastham Drive address until October, 1951? [858]

A. Yes.

The Court: So this was done sometime after October, '51?

A. I would guess the latter part of '52, before we put out sales literature. I believe there is an exhibit showing a duplicating machine type of sheet previous to this from which this was drawn. That would still be on Eastham, in '51.

The Court: Well, what I am trying to find out particularly is when you started to make the present Lock-O-Seals in which you vulcanize or cement it to the metal ring on the flat surface, because Mr. Kerley testified when he was on the stand that they started experimentation upon their ring in the early part of '54 and that production did not start until July of '54. Evidently, if this exhibit which is marked and which we have been referring to was out to the trade in '52, you were evidently on the market with a one-piece seal two years before the defendant was. That is what I am trying to get established.

Mr. Fulwider: That is right, I think, your Honor, and we have a witness coming at 2:00 o'clock with

(Testimony of Paul F. Smith.)

some sales records which will pin these dates right down.

The Court: That is what I am trying to find out, because I thought from the evidence that was produced before that the defendants' one-piece seal was on the market before the plaintiffs' and that if there was any copying, [859] it was the copying that the plaintiff did and not the defendant. That is what I thought the evidence was.

Mr. Fulwider: I know, that was the position of Mr. Miller right at the first and it was mentioned to the Court several times. However, it is not the fact.

The Court: Well, according to the exhibits that *haven't* been introduced here and according to the testimony of Mr. Kerley, the plaintiff had its one-piece seal on the market at least two years before the defendants.

Mr. Fulwider: Certainly.

The Court: Do you agree, Mr. Miller?

Mr. Miller: No.

The Court: What?

Mr. Miller: If we can rely on these exhibits.

The Court: What?

Mr. Miller: If we are to rely on these exhibits, but I don't think that establishes that.

The Court: Why can't you rely on these exhibits?

Mr. Miller: They are marked "obsolete" right on the face of them. Apparently it was experimental stuff and it was junked.

(Testimony of Paul F. Smith.)

The Court: But back in 1952 they were experimenting.

Mr. Miller: Yes, and junked.

The Court: And just exactly like you said your people experimented. [860]

Mr. Fulwider: We will be very happy to give Mr. Miller any number of drawings.

Mr. Miller: I would like to see the originals.

Mr. Fulwider: If he would like to look at some current drawings, we would be glad to give them to him.

The Court: Mr. Miller, the particular thing I am interested in at the present time is who was on the market first with the one-piece seal. Was it the plaintiff or was it the defendant? I understood from the opening statement or from the testimony that has been introduced here that the defendant was on the market first and that the plaintiff was the one that stole the idea. And it now appears, if I can rely on this testimony, that the plaintiff was on the market first.

Mr. Miller: Was it on the market? That is the point. We don't know. We never heard of it.

The Court: Well, I don't know.

Mr. Miller: It was a brand new idea to us.

Mr. Fulwider: You mean to state that you never heard of the Stat-O-Seal?

Mr. Miller: I have heard of the Stat-O-Seal, Mr. Fulwider. [861]

The Court: Just a minute. Mr. Miller, we have

(Testimony of Paul F. Smith.)

Exhibit 22, which certainly shows a one-piece seal bound to the seal washer.

Mr. Miller: Yes.

The Court: Now, that exhibit was printed. It was printed after they had moved to the Eastham Avenue location.

Mr. Miller: That's right.

The Court: That means some time in October, 1952.

Mr. Miller: This bears copyright notice, copyright, 1955.

Mr. Fulwider: That is the current sheet, your Honor.

The Court: That may be true.

Mr. Miller: But it was copyrighted in 1955. I don't know.

The Court: I don't know when it was copyrighted.

Mr. Fulwider: Exhibit 15 is the earlier one.

The Court: I beg your pardon?

Mr. Fulwider: Exhibit 15, that page in the notebook, is the earliest printed literature we have been able to find on the one-piece seal. Unfortunately, it doesn't bear a date itself. It has got a paper clip on it, at least it did have.

The Court: This sheet was also printed after they had moved to 3644 Eastham Drive. If you have got anything that can pinpoint the exact time when the one-piece seal was placed [862] on the market, I would like to have it, because so far I have to use deductions.

Mr. Fulwider: We will, your Honor. We have

(Testimony of Paul F. Smith.)

the head of the accounting department who will be here at the beginning of the afternoon session with the necessary records to show the first sales and continuous sales. Then we will peg the date.

* * * * * [863]

Mr. Fulwider: If the court please, I was talking to Mrs. Smith. For your information, I would like to have that page of the one-piece Lock-O-Seal that we were discussing this morning marked 15-A, and then she can put a tag on it and it will be readily findable.

The Court: It may be marked.

(The page referred to was marked as Plaintiffs' Exhibit 15-A.)

[See Book of Exhibits.]

Mr. Fulwider: I would also like to offer in evidence the drawings, 60 through 68, that we discussed just before lunch time.

Mr. Miller: Well, I am going to object to that. They are not properly identified.

The Court: Objection overruled. They may be received in evidence.

The Clerk: Exhibits 60 through 68.

(The exhibits referred to were received in evidence and marked as Plaintiffs' Exhibits 60 to 68.)

[See Book of Exhibits.]

Mr. Fulwider: Your Honor, we have the Franklin C. Wolfe Company accountant here, and with your permission, I would like to put him on out of order. He won't take long.

The Court: All right. [864]

Mr. Fulwider: Take the stand, Mr. Diamond.

JAMES P. DIAMOND

called as a witness by and on behalf of the plaintiffs, having been first duly sworn, was examined and testified as follows:

* * * * *

Direct Examination

Q. (By Mr. Fulwider): By whom are you employed, Mr. Diamond?

A. The Franklin C. Wolfe Company.

Q. What is your position with that company?

A. I am the assistant secretary and accountant.

Q. Are you in charge of the accounting department? A. Yes, I am.

Q. That means in charge of all the books and records of the Franklin C. Wolfe Company?

A. Yes.

Q. Have you recently made a search of those books and records for early shipping documents and invoices pertaining to Series 600 seals?

A. Yes, I have. [865]

Q. Did you bring them here with you and turn them over to me? A. Yes, I did.

Mr. Fulwider: I would like these marked for identification, if I may.

The Court: They may be marked for identification.

Mr. Fulwider: One is a group of papers, the top one having the number 7357.

The Clerk: 101 for identification.

(Testimony of James P. Diamond.)

(The document referred to was marked Plaintiffs' Exhibit No. 101 for identification.)

Mr. Fulwider: The second group stapled together, the top paper bearing the number 7318.

The Clerk: 102 for identification.

(The document referred to was marked Plaintiffs' Exhibit No. 102 for identification.)

Mr. Fulwider: Then a single shipping order No. 7356.

The Clerk: 103 for identification.

(The document referred to was marked Plaintiffs' Exhibit No. 103 for identification.)

Mr. Fulwider: And a group of papers clipped, with the top number 7970.

The Clerk: 104 for identification. [866]

(The document referred to was marked Plaintiffs' Exhibit No. 104 for identification.)

Mr. Fulwider: And a single shipping order 8367.

The Clerk: 105 for identification.

(The document referred to was marked Plaintiffs' Exhibit No. 105 for identification.)

Q. (By Mr. Fulwider): Mr. Diamond, I show you here Exhibit 101. Will you identify these various papers and tell the court what they are? First, will you read off the date on the top one and tell us what that is and then work down.

A. This is shipping order No. 7357, dated August 18, 1952. It represents the shipping documents used by our shipping department to forward a delivery shipment to Fletcher Aviation Corporation, 125 pieces of 600 501— $\frac{1}{4}$ Lock-O-Seals.

(Testimony of James P. Diamond.)

Attached to it is a prior shipping order, No. 7256, dated August 8, 1952. It is for 1200 600 501— $\frac{1}{4}$ Lock-O-Seals.

To these two shipping orders are attached a memorandum from the salesman dated August 7, 1952, instructing our order department to write up an order for Fletcher Aviation for the aforesaid numbers of pieces of $\frac{1}{4}$ inch one-piece Lock-O-Seals.

Q. (By Mr. Fulwider): What is the name of the salesman who made that memorandum?

A. The name of the salesman who made this memorandum to the order department is a Mr. R. H. Elem.

To it we have attached also an original purchase order No. 43276 from Fletcher Aviation Corporation for 125 units of 600—501— $\frac{1}{4}$ Lock-O-Seals. Also there is a change order to the purchase order No. 43276, increasing the amount by 120 pieces.

The other papers attached are purchase order notes and special conditions of the original purchase order.

Mr. Miller: I wonder if you would keep your voice up, Mr. Diamond. I can hardly hear you over here.

The Witness: All right. I certainly will.

Q. (By Mr. Fulwider): Will you explain your system—first, I will have you identify the rest of these, referring to Exhibits 102, 103, 104, 105, and having in mind the explanation you gave, Mr. Diamond of No. 101, will you tell the Court briefly what these exhibits indicate?

(Testimony of James P. Diamond.)

A. All right. These exhibits are exactly the same as the prior one. They are shipping orders used by our shipping department to forward merchandise to a customer. They cover four instances of shipments: the first one here dated August 14, 1952, the second one dated August 18, 1952, the Exhibit 104 dated September 24, 1952; and Exhibit 105, [868] dated October 21, 1952.

These particular shipping orders are our copies of a set which is prepared in our order department. Functionally it governs the receipt of the order, instructions to the shipping department to ship to the customer, and after the shipment, the basis for billing on our invoices.

Q. The green on the top is the shipping order?

A. The green on the top is the shipping order governing, governing the shipment.

Q. Are these Exhibits 101 through 105 part of the business records of the Franklin C. Wolfe Company? A. Yes, they are.

Q. Kept in the usual course of business?

A. Yes.

Q. And did you find these in their proper place for records of those dates? A. Yes, I did.

Mr. Fulwider: I offer these in evidence as Exhibits 101 through 105.

The Court: They may be received in evidence.

(Said documents were received in evidence as Plaintiffs' Exhibits Nos. 101, 102, 103, 104, and 105.)

[See Book of Exhibits.]

(Testimony of James P. Diamond.)

Q. (By Mr. Fulwider): Now, referring to Exhibit 78, do you recognize this exhibit, Mr. Diamond?

Mr. Miller: Which is 78? [869]

Mr. Fulwider: That is that summary of sales of Lock-O-Seals and Stat-O-Seals, two pages clipped.

Mr. Miller: All right.

A. Yes. I do recognize them.

Q. (By Mr. Fulwider): Were those figures prepared by you? A. Yes, they were.

Q. And those sheets, the two sheets of Exhibit 78, were they prepared by you?

A. Yes, both of these exhibits were.

Q. And from the books and records of Franklin Wolfe Company? A. That is correct.

Q. Calling your attention to the second page of this two page exhibit, will you read the title on the top of that?

A. The title is "The Franklin C. Wolfe Company, Inc. Sales of Stat-O-Seals Month and Year to August 31, 1956."

Q. Do you recall being requested some time back to prepare such a summary of the sales of Stat-O-Seals? A. Yes, I do remember.

Q. And that is such a summary?

A. That is such a summary of Stat-O-Seals.

Q. Does that properly reflect all of the sales of Series 600 Seals under the name Stat-O-Seal at least insofar [870] as your books are concerned?

A. Yes, it does.

(Testimony of James P. Diamond.)

Mr. Fulwider: May this be marked for identification as our next in order?

The Court: It may be marked.

The Clerk: 106 for identification.

(Said document was marked Plaintiffs' Exhibit No. 106 for identification.)

Q. (By Mr. Fulwider): Now, calling your attention to Exhibit 106, did you prepare the figures on the three sheets or three pages of that exhibit?

A. Yes, I prepared them.

Q. And did you prepare those from the books and records of the Franklin Wolfe Company?

A. Yes, I did. [871]

Q. What do those figures show, Mr. Diamond?

A. These figures show the individual invoice sales of Series 600 Lock-O-Seals from August, 1952 through April of 1953.

Q. And does the Exhibit 106 correctly represent all of the sales of Series 600 seals which were sold under the name One-Piece Lock-O-Seal as reflected by your books?

A. Yes, they do.

Mr. Fulwider: I would like to offer Exhibit 106 in evidence, your Honor.

The Court: It may be received in evidence.

The Clerk: 106 in evidence.

(The exhibit referred to was received in evidence and marked as Plaintiffs' Exhibit No. 106.)

[See Book of Exhibits.]

Mr. Fulwider: I might state for the record we have available in court all the invoices supporting

(Testimony of James P. Diamond.)

these sheets, if Mr. Miller would like to take a look at them at the recess.

Q. Now, Mr. Diamond, did the Franklin C. Wolfe Company use the notation Series 600 to indicate one-piece seals, whether sold under the trademark or name One-Piece Lock-O-Seal or under the trade name or trademark of Stat-O-Seal?

A. The designation now, as I understand your question, was used, the 600 series was used for both the Lock-O-Seal and the Stat-O-Seal.

Q. Is the notation 600 series used for anything else by [872] the Franklin C. Wolfe Company other than a one-piece Stat-O-Seal?

A. Not to my knowledge.

Mr. Fulwider: That's all, your Honor.

Cross Examination

Q. (By Mr. Miller): Referring to this Exhibit 101, I notice that included in there is a white sheet on the stationery of Fletcher Aviation entitled Development. Do you know what that signified?

A. No, I do not.

Q. Do you know whether or not the Wolfe Company began development following receipt of this order?

A. No, I have no knowledge of that.

Q. Do you know when they began to develop the Stat-O-Seal?

A. No, I do not.

Q. You don't have any records on that?

A. Not in my department.

(Testimony of James P. Diamond.)

Q. Do you have a cost accounting system down there?

Mr. Fulwider: Will you speak up a little bit, Mr. Miller. I have difficulty hearing you.

Q. (By Mr. Miller): Do you have a cost accounting system there at Wolfe? [873]

A. Yes, I would say we have a cost accounting system.

Q. Do you have any records there that would show the time or material spent on the development of the Stat-O-Seal?

A. Not available to me. I don't have any records.

Q. Who would have them?

A. I do not know.

Q. Would anybody else down there have them besides you? A. I don't think so.

Q. This second sheet down here has the notation Experimental. Do you know anything about that?

A. No, I do not.

Q. Was the Stat-O-Seal designated by the number Series 600 or the number 600?

A. From May of 1953 on the Stat-O-Seal designation was given to the 600 series.

The Court: What is that date?

The Witness: May, 1953.

The Court: What was the designation that it had before May, 1953?

The Witness: The 600 series was carrying the designation Lock-O-Seal prior to May, 1953.

(Testimony of James P. Diamond.)

Q. (By Mr. Miller): Now, was the 600 series always made the same way?

A. I have no knowledge of manufacturing processes. [874]

Q. You never saw the 600 series, did you, investigate it? A. I have seen the product.

Q. Would you be able to identify it?

A. Yes, I would.

Q. Can you read drawings?

A. I am not a qualified draftsman or engineer.

Mr. Fulwider: I object, your Honor. I don't see anything proper in this.

The Court: The only purpose of this witness was to establish certain dates. They didn't go into mechanical contrivances, relative to the way the seals were made.

Mr. Miller: If a so-called 600——

The Court: All right. It is 600. He has given you the information as to what the 600 means. I will sustain the objection.

Q. (By Mr. Miller): Did the 600 series always have the same appearance?

A. That I couldn't answer. I don't know.

Q. It might have been the same as it is today or different in 1952. A. It could have been.

The Court: He says he doesn't know. He is a bookkeeper. He is not an engineer or designer.

Mr. Miller: I just want to know what he really knows. [875]

The Court: The only purpose of his coming in here is to establish when the seals were sold, and

(Testimony of James P. Diamond.)

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The Court: What is that date?

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The Court: He says he doesn't know. He is a bookkeeper. He is not an engineer or designer.

Mr. Miller: I just want to know what he really knows. [875]

The Court: The only purpose of his coming in here is to establish when the seals were sold, and

he has brought in evidence to show that the first sale was made in August, 1952.

Mr. Miller: Very well. That's all.

* * * * *

PAUL F. SMITH

the witness on the stand at the time of the recess, having been heretofore duly sworn, was examined and testified further as follows:

Direct Examination—(Continued)

Q. (By Mr. Fulwider): Mr. Smith, did you bring with you or rather did you give to me just prior to coming back to court a Stat-O-Seal made currently from which you had cut away a portion of the rubber? A. Yes.

Mr. Fulwider: Will you put a tag on this, Mrs. Smith?

The Clerk: 107 for identification. [876]

(The exhibit referred to was marked Plaintiffs' Exhibit No. 107 for identification.)

Q. (By Mr. Fulwider): I hand you Exhibit 107. Is that the Stat-O-Seal you just mentioned?

A. Yes.

Q. Is that one of the Stat-O-Seals being currently manufactured by Franklin C. Wolfe Company?

A. In part. It is one from which I took out about half the rubber to disclose the design of the washer, as well as the finished configuration in one part.

Q. Other than the rubber that you cut away, it represents today the Stat-O-Seal? A. Yes.

Q. I wonder if you would explain to the court

(Testimony of Paul F. Smith.)

the construction of the metal washer in Exhibit 107 and briefly how it is formed that way.

A. The metal washer is formed in large stamping dies having a number of stages. The first punches out the center section. Then it punches the splines into that section, and then a coining die comes down and flattens the two sides out, so that as they are flattened, the metal wants to travel in four directions and it is restrained from traveling outward, so it travels inward and sideways to form small orifices. By forming the orifices, with the formed orifices we can inject rubber into a mold that contains the retainer. The rubber [877] will flow through the orifices, making a mechanical joint so that the sealing ring section becomes an integral part of the retainer, making a one-piece Lock-O-Seal or, as it is now called, a Stat-O-Seal, without the aid of bonding or gluing.

Q. By bonding you mean some type of cement, or just what do you mean?

A. Bonding is generally referred to as the joining of materials under heat and pressure. Gluing is merely a mechanical attachment of the two elements.

The Clerk: 108 for identification.

(The exhibit referred to was marked as Plaintiffs' Exhibit No. 108 for identification.)

Mr. Fulwider: I have had marked as Exhibit 108 a Franklin C. Wolfe drawing No. 607-9-XX-1/4, dated 4/16/52. [878]

The Court: I understand there is a patent pend-

(Testimony of Paul F. Smith.)

ing for this particular way of attaching the rubber seal to the metal washer, is that right?

A. I believe that is right, sir.

Q. (By Mr. Fulwider): Now, can you tell me whether or not the washer, Exhibit 107, is made substantially in accordance with the drawing 108 which carries the date 4/16/52, I believe?

A. Yes. It is a different size, but substantially the same design.

Q. No essential difference so far as you can tell in examination of Exhibits 107 and 108?

A. No, sir.

Q. In the design or method of manufacture?

A. No.

Mr. Fulwider: I would like to offer Exhibits 107 and 108 in evidence.

The Court: They may be received in evidence.

The Clerk: 107 and 108.

(Said exhibits were received in evidence as Plaintiffs' Exhibits Nos. 107 and 108.)

[See 108 in Book of Exhibits.]

Q. (By Mr. Fulwider): Mr. Smith, do you recall a conference had in your office at the Wolfe Company with Mr. Kerley and Mr. Grass concerning the possible manufacture by Rubber Teck of the one-piece Lock-O-Seals, or what we will [879] call the Series 600 Seals? A. Yes.

Q. Can you tell me approximatley when that conference was had?

A. The latter part, near the end of '52, I believe.

(Testimony of Paul F. Smith.)

Q. Who was present or was anyone present besides Mr. Kerley and Mr. Grass that you recall?

A. Myself and I believe—did you say Mr. Karres?

Q. No. I only mentioned Kerley and Grass.

A. I believe Mr. Karres came and was in the room a couple of times briefly and was talking to Col. Wolfe in his office most of the time.

Q. And can you tell me the occasion for that conference if you remember?

A. Yes. We had reached certain stage in the development of the one-piece seal at the point where we had to be concerned with manufacturing facilities. It had always been our policy that we wanted to design and engineer but we didn't want to own a big factory, and we had a very accommodating and desirable subcontractor in Rubber Teck Company, so it was a natural thing for me to contact them and ask them to come down for an unusually formal discussion of the problem. So they came down, and I told them as we saw it, then, the one-piece seal had desirable features that would cut into the sales of the [880] two-piece Lock-O-Seal over a period of time, and that we certainly wanted them to have the opportunity to make the two-piece seals to take the place of the loss of volume—I mean make the one-piece to replace the loss of volume on the two-piece, and took them through the plant and showed them what we had accomplished in our small way at that point, showed them some of the tooling and how we were approaching the problem, some of the

(Testimony of Paul F. Smith.)

headaches that we had had, and some that we didn't have all the answers to as yet, and suggested that to get proper pricing and to take out some of the hazards when you make a volume of items, some of which are very unpopular and unprofitable, that we were willing to take on the manufacture of those orders for more profitable items, things they had to have rather than on profitable items, and thought they should bid on or at least give us a figure on manufacturing several of the very popular items. We were to make the formed washer and supply it to them so that they could mold the rubber to the washer, and they were, I believe, to trim and return it to us for inspection, and it then would be ready for identification marking and shipping.

Q. Do you recall whether you discussed with Mr. Kerley and Grass at that conference any drawings or showed them any drawings concerning the Lock-O-Seals, the one-piece Lock-O-Seals and the molds or the molds that could be used [881] with those one-piece seals?

A. Yes, we went through several sizes of the drawings of the metal insert and the finished product and the various methods of making the molds so that they would compensate for the thickness variation of the retainers; although they had seen the product, they didn't know what the exact dimensions and tolerances were and what production difficulties they might encounter. So I told them everything I could to help them properly evaluate and estimate the cost to do the job because we not only

(Testimony of Paul F. Smith.)

wanted the subcontractor to manufacture them, we wanted one that would come in with his eyes wide open and would make a profit, so we could keep him.

Q. Did you show them any of the one-piece seals that you had on hand, then?

A. Yes, both the retainers and some of the parts that had rubber in already. Of course, we also saw some of them out in the plant where they were being produced in limited quantities.

Q. Did you suggest that you would supply the rubber to them for them to use in molding around the washers that you would also supply to them? Do you recall anything along that line?

A. I don't believe we did.

Mr. Miller: May I have that question? [882]

(Question and answer read.)

Q. (By Mr. Fulwider): Do you remember whether or not you discussed curing of the rubber?

A. Yes.

Q. Problems of temperature, and so forth, at times? A. Yes.

Q. And did you have any conversation concerning any particular method of tumbling?

A. Yes. We showed them some very crude experimental equipment we had developed to develop the little minute flash off of these parts by the use of abrasive and liquid carbon dioxide at approximately 100 degrees below zero, which was the practical method of developing them and making them in mass production, at low costs.

(Testimony of Paul F. Smith.)

Q. I am not sure whether you said this yet or not: do you remember asking them to give you a bid or an estimate on manufacturing of the Stat-O-Seal or what we have called the Series 600 Lock-O-Seal, at this conference?

A. Yes, I asked them to. I believe on the three popular sizes, I asked them to give us a figure on making those, we furnishing the washer and they were to trim them and complete them, they furnishing their own rubber, they had to furnish and amortize their own molds, which had been our practice with Lock-O-Seals.

Q. Do you remember whether or not you gave them any [883] one of these drawings that you discussed with them to take with them in working out an estimate for you?

A. Yes. I gave them several drawings.

Q. I show you these drawings we were discussing this morning, Exhibits 60 through 68. Are these exhibits typical of the type drawings, at least some of which you gave Mr. Kerley and Mr. Grass or one of them, to take with them, at the close of that conference?

Mr. Miller: I object to the question as being indefinite. Typical of what was given?

The Court: I will sustain the objection.

Do you know whether or not these drawings were given to the defendants?

A. These particular drawings, I cannot say, sir.

Q. Among the drawings that you gave to the de-

(Testimony of Paul F. Smith.)

endants, were there any drawings showing the product itself, that is, the Stat-O-Seal?

A. Yes.

Q. Or Lock-O-Seal?

A. A completely finished part?

Q. Yes. A. Yes.

Q. Did any of those drawings show molds or portions of molds for making the one-piece Lock-O-Seal?

A. Other drawings given to the defendants did, not the one that showed the finished product.

Q. I mean other drawings give that data?

A. Yes.

Q. So among those drawings which Mr. Kerley and Mr. Grass took with them were drawings showing the one-piece seals and drawings concerning the molding of those one-piece seals?

A. I don't remember which one took them, but the ones that were available, one of them took with him, yes.

Q. Go ahead. I didn't mean to interrupt you.

A. That's it.

Q. It was either Mr. Kerley or Mr. Grass?

A. Yes.

Q. Do you remember whether you ever got those drawings [885] back?

A. I don't believe so.

Q. Did you ever get an estimate from Rubber Teck in response to the request you made at this conference we have been discussing? A. Yes.

Q. Do you remember what it was?

(Testimony of Paul F. Smith.)

A. During a telephone conversation on another subject with Mr. Kerley, he said, "Yes, I can make them for about 5¼ cents apiece."

As that was nearly twice the price we were charging for the complete part, I thought he was being facetious and tried to get him to be serious about it, but that was as far as he would commit himself. That was the only quotation I ever received on their production.

Q. At this conference that we have been discussing, did you have any hesitancy in giving all this information to Mr. Kerley and Mr. Grass?

A. There was no occasion to in our relationship at that time.

Q. Why?

A. We just didn't think of secrets between each other. We certainly didn't consider them a competitor or a potential competitor.

Q. Did you tell Mr. Kerley or Mr. Grass to hold these [886] documents in confidence and not show them to anybody? A. No, sir.

Q. Why?

A. There was no occasion for it to occur to me, that it might even be necessary.

Q. Did you assume that they would hold this material in confidence?

A. I don't know that I assumed it. I would never think of it.

Q. Your relationship with them was such that it was a natural result that they would?

A. At the time we were by far the largest custo-

(Testimony of Paul F. Smith.)

mer, we believed, that they had, and we didn't think anybody would cut their customer's throat. It never occurred to me.

Q. Turning to the Duo-Seal manufactured by Rubber Teck, do you recall when you first heard of Duo-Seal? A. No.

Q. I will ask it this way. Did you ever hear of the Duo-Seal before it came on the market?

A. The first it came to my attention, I was shown one.

Q. By whom and about when?

A. Some time in 1954, by either one of two people, I don't know which, they were both half way in the room, and I don't know which showed it to me, either Mr. Hagmann or Mr. McFarland. They told me where they got it and all the [887] circumstances.

Q. Did Mr. Grass at any time prior to your first seeing this Duo-Seal that you just mentioned show you a Duo-Seal or a one-piece seal manufactured like the Duo-Seal? A. No.

Q. Did anyone else at Rubber Teck show you such a seal?

A. That was the first version I had ever seen, was in 1954, when it was brought to me.

Q. At the time that you saw this first Duo-Seal that Mr. Hagmann or Mr. McFarland brought into your office, was the Wolfe Company still buying its entire requirements of rubber rings for Lock-O-Seals from the Rubber Teck Company?

A. Yes, sir.

(Testimony of Paul F. Smith.)

Q. Are you generally familiar with the Duo-Seal?

A. I have examined them from time to time since I first saw them.

Q. In your opinion, Mr. Smith, are any of the ideas or techniques which you discussed with Mr. Kerley and Mr. Grass at that conference in your office that we have been discussing, used in the manufacture of Duo-Seals, as you know them on the market now?

Mr. Miller: Object to that as calling for a conclusion.

The Court: Sustained.

Mr. Fulwider: I think, your Honor—— [888]

The Court: I don't think this witness is qualified to testify.

Mr. Fulwider: He is an expert in this business.

The Court: I will sustain the objection.

Q. (By Mr. Fulwider): Do you have an opinion from your knowledge of the Duo-Seals as to whether or not they have been manufactured, probably manufactured, using a mold having a floating cylinder in it?

Mr. Miller: Same objection.

The Court: Same ruling.

Q. (By Mr. Fulwider): Now, calling your attention to Exhibit 30, which bears the heading, Headquarters Air Development Force, Wright-Patterson Air Force Base, 19 June, 1951, do you recall this document, and if so can you tell us what it is?

(Testimony of Paul F. Smith.)

Mr. Miller: Let me see the document. It is pretty hard to remember these by number.

(Witness handing document to Mr. Miller.)

Q. (By Mr. Fulwider): Can you tell me what Exhibit 30?

A. It is a copy of a military Wright Field Air Force Base document discussing the tests and qualifications of rubber compound RT-1007 to meet a fuel military specification as submitted by the Wolfe Company for qualification.

Q. Does that document itself amount to an approval?

Mr. Miller: Objected to as calling for a conclusion. [889]

The Witness: It is an approval.

Q. (By Mr. Fulwider): It is an approval?

Mr. Miller: Is it an approval?

Mr. Fulwider: It speaks for itself.

The Court: Again I want to call attention to the fact that we are not concerned here with the quality of the rubber used in the rubber seal.

Mr. Fulwider: Except I think it is relevant and material, your Honor, as to whether or not——

The Court: There is absolutely no evidence here so far that the defendants are using the same kind of rubber in their seal as the plaintiff is, and it is too late to go into this question. You are going to finish up your case this afternoon.

Mr. Fulwider: I don't want to go into the composition. I merely want to show this fact, as has been stated here earlier in the testimony, the Frank-

(Testimony of Paul F. Smith.)

lin C. Wolfe Company did have Wright Field approval, and it is material——

The Court: That is in the evidence, isn't it?

Mr. Fulwider: We have discussed the fact, and this is the document that proves it.

The Court: Isn't that in evidence?

Mr. Fulwider: No, it isn't. I offer it in evidence at this time.

The Court: It may be received in evidence. [890]

The Clerk: Exhibit 30.

(The exhibit referred to was received in evidence and marked as Plaintiffs' Exhibit No. 30.)

[See Book of Exhibits.]

Mr. Fulwider: That's all the questions we have, your Honor.

The Court: This last exhibit that was introduced in evidence is dated June, 1951 and it says Evaluation of Tests of Fuel O Rings Manufactured From C. F. Wolfe. The fact of the matter is you didn't manufacture these O rings in 1951; they were manufactured by Rubber Teck, weren't they, and they turned them over to you and you sent them in?

The Witness: The particular ones that were submitted with that report, your Honor, I believe were made by a company called Harbor Rubber.

The Court: You didn't manufacture them, though?

The Witness: We didn't manufacture them, no.

The Court: So you just got the ring somewhere else and sent it in for approval?

(Testimony of Paul F. Smith.)

The Witness: After we developed a compound to get the approval. It was necessary to our sale of Lock-O-Seals that we have the compound approved so they would buy the Lock-O-Seals.

Mr. Fulwider: We had a responsibility, I might inject, your Honor——

The Court: This says it is fuel O rings manufactured [891] from F. C. Wolfe Company. Of course, it doesn't say by F. C. Wolfe Company. I don't know whether it is by or from, but the fact of the matter is somebody else made the ring and you sent it in for evaluation.

The Witness: That is correct.

The Court: All right. [892]

* * * * *

Cross Examination * * * * *

Q. (By Mr. Miller): Now, this mold that you say you submitted the drawings of to Mr. Kerley and to Mr. Grass, was that for making Stat-O-Seals or the forerunner of the Stat-O-Seal?

A. There were several molds, not one, discussed and drawn.

Q. Did you show the drawings for several molds?

A. I showed the drawings and sketches of several approaches to the problem. [893]

Q. (By Mr. Miller): Well, were any of those drawings or sketches these exhibits——

A. I still have them.

Q. ——60 through 68?

A. I can't say that they are the same, no.

(Testimony of Paul F. Smith.)

Q. You couldn't say that there is a single one of these drawings that were shown by Mr. Kerley or to Mr. Grass or to Mr. Karres?

A. Positively, no.

Q. Do you have other drawings besides these of the molds for the Stat-O-Seal?

A. Yes, we have other molds, drawings of those, yes.

Q. Do you have them that were in existence in 1952?

A. I can only assume we did. We had additional sizes. We must have had.

Q. Well, do these exhibits represent all the drawings pertaining to Stat-O-Seals that you had in 1952?

A. I don't know; I didn't conduct the search for them.

Q. Do you know whether these exhibits represent all the drawings that you had for the molds or the Stat-O-Seal in '53?

A. I am sure they don't.

Q. They might be some other drawings that you say that you showed to Mr. Kerley or to Mr. Grass or to Mr. [894] Karres? A. Yes.

Q. Now, do you recall exactly what those drawings show that you showed to Mr. Karres or to Mr. Kerley or to Mr. Grass?

A. Not exactly; I recall in general the items discussed and the types of drawings that were brought out.

Q. And what were these items?

(Testimony of Paul F. Smith.)

A. They were drawings of the details of the washer that was to be supplied, showing its dimensions and tolerances, drawings of the cross section of the finished rubber part that would be used in inspection; drawings of the individual inserts that go up to make a multiple cavity mold, drawings of several methods of making a mold so that the upper insert or the lower insert was free to float, so that if the metal retainer was thicker or thinner, that it would compensate for that and the mold cavity would stop on the insert and not allow a heavy flash of rubber between the insert and the mold that would be hard to take off, and affect the volume or the shape of the rubber.

Q. Now, what of these things that you showed to Mr. Kerley or Mr. Grass or Mr. Karres is now incorporated in the accused Duo-Seal?

A. I haven't the slightest idea, sir.

Q. Do you know if there is anything that you showed [895] them that is now incorporated in the Duo-Seal?

A. Only by engineering logic, that with four or five types of molds, we discussed, they would in some part at least encompass any possible method of accomplishing the compensating feature that Mr. Grass has mentioned repeatedly. It must have been covered in the discussion. Which one of the types they use, I haven't the slightest idea.

Q. You will agree that the metal retainer in the Duo-Seal is different from the metal retainer that you showed them in the Stat-O-Seal?

A. Yes.

(Testimony of Paul F. Smith.)

Q. Do you agree that the shape of the finished rubber in the Duo-Seal is any different from what is in the Stat-O-Seal?

A. Not exactly. In some of the first exhibits or the first specimen of the Duo-Seal I saw, it was almost identical, to the eye at least, with this other one-piece Lock-O-Seal.

Later versions seem to be different. Later versions of the Stat-O-Seal may have been different also.

Q. Were the Stat-O-Seals changed?

A. Within certain tolerances. There are certain characteristics that are—say improvements as you go along. Whether they are of any magnitude or would even show on a [896] drawing, I can't say. They probably wouldn't show up.

Q. Now, the first Duo-Seals that you saw, you saw when?

A. Mr. Hagmann or Mr. McFarland brought them in and about sometime in 1954, I believe.

Q. Now, with respect to this mold, how does the mold float, with springs or what?

A. Of the several methods discussed in sketch, one method is called the Bellville Spring, which is a cup shaped relatively thick piece of spring steel with a hole in the middle that will carry tremendous loads, and the cover over the very short ends will spring, in other words, 5/1000, 10/1000 of an inch, without a permanent set and recover. It is called a Bellville Spring.

(Testimony of Paul F. Smith.)

Q. Did you explain that to Mr. Kerley or to Mr. Grass?

A. Yes, and I am reasonably certain showed him drawings we had of that design.

Q. Well, do you have any drawings with you that would show that?

A. I have some drawings showing the Bellville Spring that are old, undated, that were brought here, brought to me this morning by the inventor of the Stat-O-Seal from his home, from his personal files. There are no dates on them. [897]

Q. Well, how much of this information that you conveyed to Mr. Kerley and Mr. Grass and Mr. Kares was a matter of common knowledge?

A. That I can't answer. I can only answer that it was new, new to me and to everyone in our organization, and that neither Mr. Grass nor Mr. Kerley made any statements to the effect that they knew of that type of design previously.

Q. Well, was the shape of the retainer in the Stat-O-Seal a matter of common knowledge?

A. Yes, we had been producing it for six months, maybe a year, experimentally and playing with it for some time, and I can't recall specifically showing it to them, but I am sure they saw them previously, yes.

Q. And other people in the industry had seen them, too, and they were matters of common knowledge, is that correct?

A. At the time of this conference, yes, other people had seen them.

(Testimony of Paul F. Smith.)

Q. And as to the shape of the rubber, that was likewise a matter of common knowledge?

A. Yes.

Q. And as to the floating construction of the mold, with the Bellville Spring, either with or without the Bellville Spring, or whatever you showed them, that was a [898] matter of common knowledge, too?

A. Not to my knowledge. There were 1, 2, 3, 4, 5, five different designs discussed only of which I would consider to be of common knowledge, to my knowledge.

Q. And which was that?

A. That was the plain mold where you had a pressed-in insert and no compensating means whatever, an old part.

Q. What were the other four?

Well, there would be three more besides the Bellville Spring that you discussed with them at that time.

A. One is one where a piece of rubber having a recess at one end is placed below the piston and the resistance of the rubber gives you a compensating floating to the piston to reduce the flash, not very successfully.

Another one was a floating type of piston where the injection or transfer pot presses on the rubber itself, exerted pressure on the entire area of the piston, driving it firmly down against the retainer, and as the area of the piston is considerably greater

(Testimony of Paul F. Smith.)

than the area of the retainer, it exerts enough pressure to prevent flash.

The other one, that I am vague on, as to whether we discussed it with them or not, is a three-piece type in which you have the larger area piston to reduce the flash and a smaller piston inside of that piston that floats down and kisses the lower part at the center so that you [899] have a compensating means both over the upper and lower half of the center portion of the mold, that meet, and the upper flexible piston or floating piston on the outer diameter that meet the retainer is also free to float and both are energized by the pressure of the rubber in the pot or the injector. [900]

* * * * *

The Court: I am going to ask you to cut down your cross examination as much as possible. I don't think we have any interest in these molds at the present time or how they work because there is no question here, so far as I know, about any infringement of molds. They don't claim to have any patents upon the molds.

Mr. Miller: Or did they? I understood just before noon, your Honor, and it took me by surprise, Mr. Fulwider said the molds were the crux of the trade secret stealing.

The Court: It isn't what Mr. Fulwider says that is important. It is what I think that is important. I don't think the molds have anything to do with this case at all.

Mr. Miller: Then I have to reorganize my line

(Testimony of Paul F. Smith.)

of [901] thinking. Maybe I can clear up this mold matter.

The Court: The only testimony is that he says he gave certain molds or gave drawings for certain molds to the defendants. That is as far as I am concerned with them. I don't care what kind of molds they were. He says there were five different kinds. I don't care how they operated. The only question I am interested in here is whether or not the defendants' device is a copy of the plaintiffs' device, whether it uses the same principle.

Mr. Miller: When we talk about the plaintiffs' device, there are two aspects of it, apparently, because we will take care of ourselves on the patent, but here is the matter of the Stat-O-Seal brought in here and I objected to it being brought in but your Honor permitted it to be brought in, and now they are contending there is some similarity between the defendants' device and the Stat-O-Seal.

The Court: I am only interested in the similarity between the one-piece seals, that is the plaintiffs' one-piece seal and the defendants' one-piece seal.

I think there is sufficient evidence before the court now for the court to decide whether they are or are not similar. I think I am just as capable of looking at the two seals and deciding whether or not one is *the* like the other as any expert that comes along. It is very apparent in my opinion what has been done. [902]

Of course, I haven't got a cut-away seal of yours.

(Testimony of Paul F. Smith.)

I would like to have you bring in one of yours that is cut-away like this one.

Mr. Miller: I have one here, your Honor, but it isn't of comparable size.

The Court: I would like to see how this is fused on or cemented on to the metal.

Mr. Miller: I don't think that this exhibit will show you. I will show you what I have got. Then if that isn't sufficient, it will be our night work to get another.

The Court: Supposing you get me a large seal. Do you make seals as large as this exhibit?

Mr. Miller: I don't know whether we make them that large. Let me show you our seal. Here is what I have, so you know what it is. It is cut in half.

The Court: That's all right. This is satisfactory when the time comes. I think I am perfectly capable of taking a look at these two seals and deciding whether or not one copies the other. I don't care how they are made. I don't care what kind of mold was used.

Mr. Miller: As long as I supplied that half section to you, I think it should be marked in evidence.

The Court: Let's have it marked for identification as the defendants' exhibit and at the proper time you can offer it in evidence. [903]

Mr. Fulwider: Is that half a seal cut right down the middle?

Mr. Miller: Yes. Let's see if I can find the other

(Testimony of Paul F. Smith.)

half. Mr. Karres says he will try to bring a large one tomorrow.

The Clerk: Do you want this marked or the one tomorrow?

The Court: Evidently they don't know whether they want it marked or not, so you keep it until they decide.

The Clerk: I will give it to Mr. Miller. I don't want to keep it.

Mr. Miller: Just for the record, I would like for your Honor to allow me to indulge in one more question on the molds.

Q. Mr. Smith, in the course of the taking of your deposition, do you recall testifying as follows at page 140, line 19:

“Q. Did they”—referring to the Rubber Teck people—“ever make up a mold for making one-piece Lock-O-Seals for you?”

“A. I can't recall that they did, although they may have, because our facilities for making molds was limited at this period. It would have been a natural thing for them to have done if we asked.

“Q. Well, do you have any recollection of having [904] asked them or their having made up a mold?”

“A. No, I haven't.

“Q. Now, have you told us everything that is directly or indirectly embodied in the Duo-Seals made by the defendants which are the trade secrets?

“A. Everything I can recall at this moment.”

Did you so testify? A. Yes.

Q. These Exhibits 60 to 80, do they show the use

(Testimony of Paul F. Smith.)

of a notched ring, retainer ring, such as the one that you had here that cut away the rubber, Exhibit 107?

A. Which one of these?

Q. Do any of those show the retainer ring having notches or openings in the inner wall of the ring?

A. Not at the section shown in the drawing. It doesn't show a notch, no.

Q. Do any of those exhibits show that?

A. None of these drawings pertain to the metal portion of the retainer or even show the outside dimensions. They are of the mold or of the rubber section itself. They would not show any detail of the metal retainer.

Q. Why did those drawings become obsolete?

A. Basically, our method of marking, if we make a new mold drawing or a new part drawing or, frequently when a part has been determined to be a standard catalog item, we then [905] frequently reduce all the individual pages to one charted page, the chart showing all the pertinent data, such as is done in the two-piece Lock-O-Seal in, I believe it is Exhibit 1, and at that time we mark the original vellum as obsolete, and make a print for our file and destroy the vellums.

Q. That is your practice, but I want to know what was the circumstance that caused this set of drawings to become obsolete.

A. I only assume it was reduced to the chart. I am not sure.

Q. What, if any, are the trade secrets or confi-

(Testimony of Paul F. Smith.)

dential information that is incorporated in the Duo-Seal that is taken from the Stat-O-Seal?

A. I am not sure I know what a trade secret is. I don't know how I could judge.

Q. What is there about the Duo-Seal that has been copied from the Stat-O-Seal?

A. The general appearance is quite similar, specifically usage, the end use is similar.

Q. You don't know what usage the Duo-Seal is to be put to by the buyer, do you?

A. Yes. When we are bidding on an order to a specific company and we lose it to a Duo-Seal, we are pretty sure they used it for the same purpose they were going to use ours.

The catalog date in its original state is so similar [906] it looks like it was almost a photostat. I don't know if that is a trade secret. I am not qualified.

Q. The buyer, after he buys it, can use it for any purpose he wants to.

A. If he doesn't use it for a fastener sealing, I guess we wouldn't be interested.

Q. Are there any other items of the Stat-O-Seal that are copied in the Duo-Seal?

A. I don't think the Stat-O-Seal copies the Duo-Seal in any manner.

Q. I say that are copied in the Duo-Seal.

A. I think you worded it the other way, or I misunderstood you.

Q. The rubber is different, is it?

A. Can we get a fresh start? There are too many questions at once here.

(Testimony of Paul F. Smith.)

Q. The rubber is different?

A. I didn't say that.

The Court: Mr. Miller, I think he didn't understand one of your previous questions about what was copied from one seal to the other. I think he understood the reverse of what you asked. Maybe you better go back and ask it again.

Mr. Miller: Maybe I misspoke myself. I don't know.

The Court: Maybe you did. [907]

Q. (By Mr. Miller): I wish you would give me all the items that are in the Stat-O-Seal that are copied in the Duo-Seal.

A. Outside of similarity of purpose and similarity of appearance, as far as the physical product goes, there is a very definite similarity of dimensioning and similarity of the color identification coating.

There is a similarity in that the same government specification are applied to the rubber used in them.

I don't know if there is a similarity in all the metals, although some of them, I feel sure are the same as ours.

The Court: You didn't have a trade secret on the quality of the metal, did you?

The Witness: Not a secret, no, sir. He said similarity.

The Court: You didn't have a trade secret as to the chemical composition of the rubber that was used?

(Testimony of Paul F. Smith.)

The Witness: Your Honor, he asked me similarity this time. That is what I was trying to answer.

The Court: I know, but he is trying to find out what trade secrets you are claiming. What is the trade secret?

The Witness: I don't know.

The Court: You testified here that you were the general manager. [908]

The Witness: Correct.

The Court: Of the Wolfe Company, and you brought this case here claiming there was some trade secrets taken. What were the trade secrets? You are the general manager. You ought to know.

The Witness: I believe he narrowed his question.

The Court: I am asking you.

The Witness: Broadly?

The Court: What trade secrets do you say have been taken by the defendants?

The Witness: Going to the first, I would say that they had knowledge of all our customers.

The Court: I am talking about the seal itself now. In the two seals that are manufactured, one manufactured by the defendants and one manufactured by the plaintiffs, what trade secrets do you say that the defendants in the manufacture of their seal took from the plaintiff?

The Witness: Trade secret? I am afraid I can't answer, because I don't know actually what a trade secret is in the law.

The Court: If you can't answer, that is all that is necessary.

(Testimony of Paul F. Smith.)

Mr. Fulwider: I think, perhaps, would your Honor assist the witness——

The Court: Just a minute. I asked what the trade [909] secret was. Mr. Miller has been holler-ing ever since this case was filed about what the trade secrets are. You get the general manager on the stand at the time of trial and he says, “I don’t know what a trade secret is.”

Mr. Fulwider: Knowing the witness as I do, I know that he is being very meticulous in his answer.

The Court: I have put the question here. Mr. Miller didn’t put the question. I put the question and it wasn’t a trick question either. [910]

Mr. Fulwider: Well, I think if you would add to it, without legal difficulty——

The Court: No. I will ask him. I don’t want you in any way at all to indicate to the witness as to whether his answer is good, bad or indifferent. You let the witness take care of himself.

Mr. Fulwider: I am trying to.

The Court: All right, Mr. Miller, go ahead.

Q. (By Mr. Miller): This color coat is imposed by the Air Force?

A. It was imposed upon us, to put red color coating on our parts, yes, for specific usage in fuel.

Q. Are you acquainted with the so-called Dyna-Seal? A. I have seen them, yes.

Mr. Fulwider: I object. There has been nothing said about Dyna-Seals on the direct.

The Court: I sustain the objection. I have got

(Testimony of Paul F. Smith.)

to hold you down to cross examination of what this witness testified to.

Q. (By Mr. Miller): What was the date of this conference that you say that you had with Mr. Karres and Mr. Grass and Mr. Kerley with relation to that first sale of a Stat-O-Seal to Fletcher?

A. I don't know the date of any Fletcher sale specifically. [911]

Mr. Fulwider: Would you read that question?

The Court: May I say to the witness that the shipping order shows that there was sold to Fletcher in August, '52, some of these one-piece seals, and now in reference to that date of August, 1952, when was the conference that you talked about? You said in the latter part of '52.

A. I would say in the latter part of November, 1952.

Q. (By Mr. Miller): Was that the time you first disclosed Stat-O-Seals to the defendants?

A. I can't be sure of that; I don't recall personally discussing it with them prior to that.

Q. There was some statement about the fact that the Stat-O-Seals were withheld from the market to work out some problems. How long were they withheld from the market to work out these problems?

A. I don't recall.

Q. I couldn't hear you.

A. I don't recall.

Q. And do you recall what the problems were?

A. Not specifically. Our primary problem was making the complicated retainer. Whether that was

(Testimony of Paul F. Smith.)

the specific problem that delayed putting them on the market, I can't be sure.

Q. Do you recall why Rubber Teck turned down your proposal to make up the molds and to make the Stat-O-Seals? [912]

The Court: Wait a minute, Mr. Miller. You are assuming something. You are assuming something that is not in the record, and this witness didn't say it was turned down. He said they got the offer and the offer was too high. He said it was for five and a quarter cents apiece, and that was twice as much as he was getting for the seals. Now, the evidence isn't that he turned it down. They may have turned it down for asking too much money. But you are using words that this witness did not use.

Mr. Miller: Well, we have two different stories. Maybe I am assuming something. Thank you.

Q. Was the price the sole reason why you did not engage Rubber Teck to make up the molds and make the Stat-O-Seals? A. Yes.

Q. They didn't refuse? You just thought the price was too high?

A. The ridiculousness of the price indicated that they did not want to make them and we wouldn't beg them.

Q. Otherwise, at that time, relations were pretty good between the two companies? A. Yes.

Mr. Miller: That is all. [913]

..

* * * * *

FOSTER HAGMANN

resumed the witness stand on behalf of the plaintiffs, having been previously duly sworn, and testified further as follows:

Direct Examination

Q. (By Mr. Fulwider): Mr. Hagmann, did you know of a bid or an estimate that Rubber Teck made for the manufacture of Stat-O-Seals?

A. Yes.

Q. That Mr. Smith mentioned here as having received? A. Yes, I did.

Q. Can you tell me approximately when that was made, to your best recollection?

A. Well, my best recollection is sometime in the latter part of '54.

Q. Now, wait a minute. A. Oh——

Q. '54? Will you read the question again? [914]
(Pending question read.)

A. Oh, I am sorry. Sometime in the latter part of 1952. Shortly after we had been selling them.

Q. Was that estimate transmitted to you or was an estimate transmitted to you by Rubber Teck?

A. I don't recall whether it was or not. The only reason that I think I remember is that the price was too high. It was not a practical price for us, so it would be, I think, about——

Q. Does the Wolfe Company make other products besides Lock-O-Seals and Stat-O-Seals?

A. Yes.

Q. Will you name some of them for us?

A. Bolt-O-Seal, Riv-O-Seal, and Gask-O-Seal,

(Testimony of Foster Hagmann.)

Termin-O-Seal. That is all I recall at the moment.

Mr. Fulwider: Will you mark this exhibit next in order?

The Clerk: 109 for identification.

The Court: For identification only.

(Documents marked Plaintiffs' Exhibit 109 for identification.)

Q. (By Mr. Fulwider): Can you identify this Exhibit 109 for me? Does that illustrate the products that you just mentioned? A. Yes, sir.

Q. Were these catalogs, Exhibit 109, widely distributed to the trade?

A. Very widely, yes, sir.

Mr. Fulwider: I would like to offer 109 in evidence, your Honor, as illustrating the line of products made by the plaintiff Wolfe Company.

The Court: It may be received in evidence.

The Clerk: 109.

(Said documents were received in evidence as Plaintiffs' Exhibit No. 109.)

Q. (By Mr. Fulwider): Mr. Hagmann, does the Wolfe Company advertise the various products illustrated in the catalog, Exhibit 109?

A. Yes, sir.

Q. Are any of those products in the catalog, 109, other than Lock-O-Seals or Stat-O-Seals sold in large quantities?

A. Yes, they are all, with the exception perhaps of the Termin-O-Seal, they are sold in substantial quantities.

Q. Are they sold pretty generally throughout the

(Testimony of Foster Hagmann.)

United States? A. Yes, and Canada.

Q. In the course of your duties for the Wolfe Company, have you called on customers of Wolfe Company [916] since the advent of Duo-Seal on the market? A. Yes, sir, I have.

Q. In the normal course of your duties, about what portion of your time is spent in calling on customers?

A. Generally about half my time is spent on the road.

Q. And what is your procedure in that regard?

A. I call on the various aircraft companies, the component manufacturers have design consultations and meetings, together with our salesmen, and the engineers and the companies.

Q. And when you go East, for example, to call on a large customer, you take the representative or salesman in that area with you?

A. Yes, sir.

Q. And you sometimes hold meetings, do you, where you address the engineers and answer questions?

A. Generally speaking, that is the purpose of my calls.

Q. Have you noted any instances of confusion between "Stat-O-Seal" and "Duo-Seal"?

A. Well, yes, there have been some.

Q. Have you had any occasions where people, engineers or others, and customers upon whom you were calling have handed you a Duo-Seal and asked you who made it? [917]

(Testimony of Foster Hagmann.)

Mr. Miller: Now, your Honor, I object to that unless a proper foundation is laid.

The Court: Well, you can answer that yes or no, and then you can determine when and where it was and who was present, and so forth. A. Yes.

Q. (By Mr. Fulwider): Can you tell us about when and where any of those occasions happened?

A. Well, I can't pinpoint them exactly. I know it has happened. I talked to a great many hundreds of engineers throughout my travels, and I don't believe I could pinpoint any specific instances, but it has happened. [918]

Q. Have you had any similar happenings in some of these meetings that you have mentioned?

A. Yes.

Q. On any of these occasions have you been asked a question as to whether or not the Duo-Seal that was handed to you was made by your company, the Wolfe Company? A. Yes.

Q. Do you recall whether the Wolfe Company has ever received any purchase orders or other written documents indicating that customers were confused between Duo-Seals and Stat-O-Seals?

A. Yes, we have.

Q. I call your attention to Exhibits 80 and 79. Exhibit 80 bears the notation, Beech Aircraft Purchase Order No. A 68703-19, dated April 24, 1956. Exhibit 79 bears the notation Beech Aircraft Corporation, purchase order No. A 70406-19, dated May 10, 1956.

Will you explain to us what is ordered in these

(Testimony of Foster Hagmann.)

two purchase orders from Beech and the occasion for receiving them?

Mr. Miller: The documents speak for themselves. I object to the witness' characterization of them.

Mr. Fulwider: I will ask the witness to just read the substance.

The Court: Can the documents be introduced in evidence? [919]

Mr. Miller: If they are properly authenticated here.

Q. (By Mr. Fulwider): Are these copies of documents in the records of the Wolfe Company?

A. Yes.

Q. Kept in the usual course of business?

A. Yes.

Q. And produced from those records by an employee at your request? A. Yes, sir.

Mr. Fulwider: I offer them in evidence, your Honor.

The Court: They may be received in evidence.

The Clerk: Exhibits 79 and 80.

(The exhibits referred to were received in evidence and marked as Plaintiffs' Exhibits 79 and 80.)

[See Book of Exhibits.]

Mr. Fulwider: I would like to call the court's attention to the fact that in Exhibit 80, Beech Aircraft is ordering 8,000 Stat-O-Seals, the number being 600-001-1¼, O.S. Stat-O-Seal.

The next one, Exhibit 79, Beech Aircraft is order-

(Testimony of Foster Hagmann.)

ing from the Wolfe Company 2200, 600-00-1-5/16
Duo Seals.

Q. Those purchase orders were received by the
Wolfe Company, were they not?

A. Yes, sir.

The Court: And filled, I suppose? [920]

The Witness: Yes, sir. I hope so.

Mr. Fulwider: They should have been.

The Witness: They had our part number on them.

Q. (By Mr. Fulwider): When did you first hear
of Duo-Seals, Mr. Hagmann?

A. Well, I don't recall exactly when it was. It
was, I think, some time early in 1953.

Q. 1953? Duo-Seals?

A. I am not too clear on it because——

Mr. Fulwider: May I assist the witness, your
Honor, to recall the testimony of Mr. Karres that
they were first offered to the trade in November,
1953.

The Witness: Well, it was probably early in
1954, then, along in March or April.

Q. (By Mr. Fulwider): Do you recall the occa-
sion of seeing the first Duo-Seal, that is to say, the
occasion of first seeing a Duo-Seal?

A. Yes. It was brought in by one of my sales-
men. He had picked it up as a sample that had
been left with a company on his territory.

Q. After you had seen the Duo-Seal, did you
have a conversation with Mr. Kerley and Mr. Kar-
res, either together or separately, concerning the
manufacture of the Duo-Seal?

(Testimony of Foster Hagmann.)

A. Yes, I had conversations separately with Mr. Karres, Mr. Kerley, and Mr. Grass. [921]

Q. Approximately, when were those conversations?

A. This was in late March, I believe, or early April of that year.

Q. I will ask you about the Kerley one first. Where was that conversation?

A. I called him and made an appointment and met him at Rubber Teck. We went to a restaurant and discussed the matter for an hour or two over lunch.

Q. Will you tell us briefly the substance of what you told Mr. Kerley and what he told you?

A. Yes. I told him that in my opinion or, rather, in the opinion of our counsel, this part was an infringement of the Lock-O-Seal patent.

I also called his attention to the fact that it seemed unfair that they should go into a business that we had been in jointly, and it did not seem to me that they had any moral right to be in it.

Q. What did Mr. Kerley say in substance?

A. Mr. Kerley was noncommittal at first, but later said, "Well, as far as I am concerned, we will stop the production of them. As far as I am concerned, we will leave it up to Mr. Karres."

Q. Then did you have a conversation with Mr. Karres?

A. I next had a conversation with Mr. Grass. Mr. Grass was ill at the time and I saw him at his home. [922]

(Testimony of Foster Hagmann.)

Q. What was the substance of that conversation?

A. Generally, it was the same thing. I pointed out that we felt that it not only was an infringement, it certainly seemed like an unfair thing to do.

Q. What did Mr. Grass say?

A. Well, Mr. Grass reacted pretty much the same as Mr. Kerley. He said as far as he was concerned, he would leave it up to Mr. Karres, he would be perfectly willing to stop producing them.

Q. Then tell us about the conversation with Mr. Karres.

A. Well, this took place, as I recall, the following day at Mr. Karres' office, which was then on Higuera Street. I called his attention to substantially the same thing that I had discussed with Mr. Kerley and with Mr. Grass, and I elicited from him the agreement that he would cancel orders that they had and that he further would not permit the manufacture of them until and unless he gave us prior notice.

Mr. Fulwider: That's all, your Honor. Oh, I have one more question.

Q. Did you ever get notice from Mr. Karres or anyone at Rubber Teck that they intended to go back into the manufacture of Duo-Seals?

A. No, sir, we did not.

Q. But they did go back into the manufacture?

A. Yes. [923]

Mr. Fulwider: That's all.

(Testimony of Foster Hagmann.)

Cross Examination

Q. (By Mr. Miller): Referring to this conversation you had with Karres, didn't Mr. Karres tell you that they would discontinue the manufacture of Duo-Seals only so long as it took to have some patent lawyer or somebody investigate the patent situation? A. No.

Q. Was there any mention made at all by Mr. Karres of having someone investigate the patent situation?

A. There may have been. If there was, I don't recall it.

Q. Did he tell you he planned to have a search made with relation to the Gross patent?

A. I don't believe he did, no.

Q. Did he tell you he was going to quit making Duo-Seals, period, forever?

A. He told me he was going to quit making Duo-Seals, that if he went back into the business, he would give us prior notice.

The Court: What difference does it make? Suppose he had made that promise? It doesn't mean anything. There was no consideration for the promise. There is no contract, but only a voluntary statement. [924]

Mr. Miller: That is true.

Q. Do you have any other instances besides Exhibit 79 where some aircraft corporation sent an order to Franklin C. Wolfe Company for Duo-Seals? A. I wouldn't know.

Q. Haven't you made a search?

(Testimony of Foster Hagmann.)

A. I don't know how extensive the search was.

The Court: Was a search made?

The Witness: I believe that a cursory search, at least, was made of the files. You will notice these are of a late date.

Q. (By Mr. Miller): Don't you know that they were requested to get all of the instances of mis-addressed orders? A. I don't know that, no.

Q. I call your attention to this Exhibit 79. In front of the Duo-Seal there is a notation 600-001-5/16. What does that signify?

A. It is our part number with the Rubber Teck or the Duo-Seal trade name after it.

Q. What does this BC 44721510 mean?

A. It is probably some stock number of Beech's.

Q. Is it customary practice of the engineers in the airplane factories on their drawings to have call-outs on the drawings for the part number of the manufacture? A. I believe so. [925]

Q. And they also have call-outs for the trade name of the manufacturer?

A. I wouldn't say that is the general practice, no.

Q. Does that occur in the majority of cases, or would you say it is a very minority?

A. I don't think I could say accurately.

Q. When these seals are used on the average aircraft, the engineer knows whether or not the seal has been approved by his own company or has been approved by Wright Field?

(Testimony of Foster Hagmann.)

Mr. Fulwider: I object, your Honor, calling for a conclusion?

The Court: Sustained. You are asking this witness something that if he knows he would only know by hearsay testimony. You are asking for a conclusion.

Q. (By Mr. Miller): How careful are these engineers in specifying a certain seal when they are laying out their layouts for a plane?

Mr. Fulwider: Object for the same reason.

The Court: Objection sustained. He can't testify as to what an engineer does. He is not there. We assume that all engineers are careful. [926]

Mr. Miller: I thought the witness testified to a large number of conversations here that he has had with engineers.

The Court: Well, if you had made an objection, I might have sustained an objection, but you did not make an objection. We have an objection made now.

Q. (By Mr. Miller): Now, when you told Mr. Kerley that you thought it was unfair for Mr. Kerley or Rubber Teck to make the Duo-Seals, did Mr. Kerley make any statement to you to the effect that your manufacturing the Stat-O-Seal was in violation of his exclusive agreement to manufacture the Lock-O-Seals?

A. He did not make such a statement.

Q. Did he say that your manufacturing of the Stat-O-Seal was unfair insofar as he was concerned?

A. No. He didn't.

(Testimony of Foster Hagmann.)

Q. Was the matter of the Stat-O-Seals discussed at all? A. No, sir.

Q. And what was Mr. Kerley's reply when you said it was unfair?

A. I don't recall his reply, but I suppose it could be assumed that his reply was somewhat favorable, since he said he would leave it—so far as he was concerned, it was all right to stop manufacturing them, it was up to Mr. [927] Karres.

Q. So he put the matter all up to Mr. Karres?

A. Yes, he did.

Q. And so did Mr. Grass? A. Yes.

Mr. Miller: That is all.

Mr. Fulwider: Step down. The Plaintiffs rest, your Honor.

(Whereupon the Plaintiffs rested their case in chief.)

The Court: Mr. Miller, do you have any motions you want to make?

Mr. Miller: Yes, your Honor.

The Court: If you want to make a motion, I wish you would make it now so we can dispose of it.

Mr. Miller: Well, I make a motion to dismiss the Second Cause of Action here that alleges the violation of trade secrets.

The Court: I know what it alleges.

Mr. Miller: I don't believe there is any element of proof to support that Second Cause of Action. The Duo-Seal—

The Court: Now, don't argue the matter. I have

heard the testimony. The motion is denied.

Mr. Miller: The motion is denied?

The Court: Yes. Any other motion?

Mr. Miller: I make a motion to dismiss the First [928] Cause of Action on the ground that the patent in suit is invalid as to its claim, because of the fact that the claim is vitally defective, it being indefinite.

The Court: May I ask you a question: we have got Claim 1 and Claim 2 in the patent. This suit is to establish both claims, isn't it?

Mr. Fulwider: Just on Claim 1, your Honor.

Mr. Miller: Claim 1.

The Court: You are just asking to establish Claim 1?

Mr. Fulwider: Yes. We do not allege infringement of Claim 2.

The Court: Oh, you don't?

Mr. Fulwider: No.

The Court: Well, Mr. Miller, I don't think I am justified in dismissing at this time upon that ground, although that may be something which I will consider at the time I render a decision in this case. I wouldn't want to dismiss this case on a summary motion, so your motion is denied, without prejudice.

Mr. Miller: Very well, and as to the first motion, is that denied without prejudice?

The Court: No. Your first motion is denied, not without prejudice. It is just denied because—well, it is without prejudice because it is a question that this Court has to determine, as to whether or not

there has been [929] any unfair competition, in the light of all the testimony.

Now, I don't know what trade secrets have been appropriated by you, but, however, there may be unfair competition here. I do not know as it is limited only to the trade secrets. Unfair competition goes to more than trade secrets, doesn't it?

Mr. Miller: Yes. That is a broad term, and we have been trying to pinpoint what they are complaining about in this case. Here on the unfair competition, there is competition, that is true.

The Court: Well, one of the things that I thought might be unfair competition in this case was the use of the word "Duo". It is alleged in the complaint that the plaintiff uses the word "O". Now, I do not know how the defendant happened to pick the word "Duo", to use the word "Duo". That might be an unfair practice. I don't know. However, the plaintiff hasn't complained any so far about using that word.

Mr. Fulwider: Well, your Honor, except as a part of unfair competition. We did not include a separate count for trademark infringement per se.

The Court: That may be an item of unfair competition. I may restrain you from using the word "Duo", without restraining you from manufacturing them. I might restrain you from using the word "Duo", because it is similar to the [930] word the plaintiff uses, and if you had copied a word that sounds something like the plaintiff's word and the plaintiff had been using it for some time, and I don't think there is any question but what the plain-

tiff has been using it for some time, that might be unfair competition. However, you may have evidence to show that that word has been used, that the "O" has been used for years and years by other people.

Mr. Miller: Definitely.

The Court: But at the present, I don't have that evidence before me.

Mr. Miller: But here, on that point the word "Seal" is descriptive as applied to sealing devices.

The Court: Of course, the plaintiff cannot get an exclusive right to use the word "Seal".

Mr. Miller: All right.

The Court: But he might get the exclusive right to use the words "O-Seal". I don't know whether he has or not—he might get that right, although you may be able to show that that word "O" has been used many, many times, not only as far as the word "Seal" is concerned, but "O'Malley" or "O" something.

Mr. Miller: Your Honor could almost take judicial notice of the fact that the B. F. Goodrich Company has the coral seal. [931]

The Court: I don't know, Mr. Miller, there may be some elements of unfair competition here that can't be disposed of without hearing the defendant's testimony, and I think I should hear the testimony of the defendants. [932]

* * * * *

Mr. Miller: If the Court please, last evening, we were requested to bring in some samples of Duo-Seals. There is a large size (indicating) cut in half,

and I have one sample here in which half of the rubber has been removed to show the inside of the metal ring, which I will offer in evidence.

The Court: It may be received.

The Clerk: As Exhibit AB.

(Said object was received in evidence as Defendants' Exhibit AB.)

Mr. Miller: And also I have here another sample of the same type of ring that is cut in half.

The Court: It may be marked.

The Clerk: AC. Is that in evidence?

Mr. Miller: We will offer both in evidence.

The Court: They will be received.

The Clerk: AB and AC.

(Said object was received in evidence as Defendants' Exhibit AC.)

Mr. Fulwider: What is the size of AC, is that the bigger one or—— [935]

Mr. Miller: That is in half. I don't have an extra piece where the rubber was just cut away.

I will offer in evidence the book of patents, prior patents, Exhibit A.

The Court: It may be received in evidence.

Mr. Fulwider: Your Honor, we object. We have no objection, of course, to having all the patents bound in one book, but we do object to two of the patents in the book, because the dates are not early enough, the Dowty patent and the Johansson patent.

The Court: Well, if they are not early enough, I will disregard the patents.

Mr. Fulwider: I mean they are not early enough

for any purpose, your Honor, so they are not prior art.

The Court: Well, if they are not prior art, I will disregard them. We don't have any jury here.

Mr. Fulwider: I realize that, your Honor.

The Court: Now, the objection is overruled. The patents may be introduced in evidence.

The Clerk: Exhibit A.

(Said book of patents heretofore marked Defendants' Exhibit A for identification was received in evidence as Defendants' Exhibit A.)

[See Book of Exhibits.]

Mr. Lee: Your Honor, can it be understood that we have a running objection to any testimony concerning these [936] patents?

The Court: Yes, you can have an objection and a running objection, both.

Mr. Lee: And, your Honor, one more question, may we have that, if there is any testimony concerning those two patents, and also about waiving our objection?

The Court: Yes, you can do that.

Mr. Lee: Thank you, your Honor.

Mr. Miller: Now, I will offer in evidence the book of trademark registrations, Exhibit B.

The Court: It may be received in evidence.

The Clerk: Exhibit B.

(Said book of Trademark Registrations heretofore marked Exhibit B was received in evidence as Defendants' Exhibit B.)

[See Book of Exhibits.]

Mr. Miller: I offer in evidence the file wrapper and contents of the patent in suit, Exhibit C.

The Court: It may be received in evidence.

The Clerk: Exhibit C.

(Said documents heretofore marked Exhibit C were received in evidence as Defendants' Exhibit C.)

Mr. Miller: I will offer in evidence also a group of patents, to complete, with the patents that are in Exhibit A, the file wrapper references that were cited in the [937] file wrapper, this being a copy of the Lehman Patent No. 1,254,514, issued January 22, 1918.

Mr. Fulwider: Will you mark those as one exhibit?

The Court: Are you going to offer these as one exhibit?

Mr. Miller: I can offer them as one exhibit. It is merely to complete and have before the Court the file wrapper references.

The Court: They may be received in evidence.

The Clerk: Is this your next exhibit?

Mr. Miller: Yes.

The Clerk: AD.

The Court: Exhibit what?

The Clerk: AD.

(Said documents were received in evidence as Defendants' Exhibit AD.) [938]

Mr. Miller: I will also offer for the purpose of showing the state of the art two prior patents, one being to Hubbard, 1,942,703, issued January 9,

1934; and the other being to Bohmer, Jr., et al., No. 2,200,212, issued May 7, 1940.

Mr. Fulwider: Were those pleaded or included——

Mr. Miller: No, they are merely offered to show the state of the art.

Mr. Fulwider: I object, your Honor. The statute expressly states all prior patents to be relied on for the state of the art or otherwise, we are to have 30 days notice of.

The Court: They may be marked for identification only.

The Clerk: AE for identification.

(The exhibit referred to was marked Defendants' Exhibit AE for identification.)

Mr. Fulwider: Do you have extra copies, Mr. Miller?

Mr. Miller: No. I am sorry, Mr. Fulwider, but we didn't learn of these until pretty late. I learned of those here just about a week before—well, it was the Friday before the trial started.

The Court: Mr. Fulwider, I might say this question is now before the Circuit. In a previous case I tried, during the course of the trial they discovered prior art and brought in evidence of the fact that the so-called invention [939] had been used prior to the invention, and I allowed it to come in. Appeal was taken upon the fact that there was no mention made in any of the proceedings and no disclosure was made to the opposing side and it came as a surprise. I allowed it in because it was only

discovered then. It was discovered during the course of the trial.

Mr. Fulwider: I think the principle is sound because, after all, all relevant evidence ought to be before the court. My only point is I think the proper construction of it is that immediately counsel knows of it, he should give us either formal or informal notice. In a week we could have had copies here. I don't know whether these are relevant. I will look at them during the recess.

The Court: I will mark them for identification only.

Mr. Miller: I will also ask counsel to stipulate that the residence of Mr. Cornwall is more than 100 miles from court.

Mr. Fulwider: As far as I know, yes. [940]

* * * * *

Mr. Miller: I will offer in evidence the deposition of Leo W. Cornwall taken July 15, 1955, at San Diego. [941]

* * * * *

The Clerk: What page of this is Mr. Cornwall's deposition?

Mr. Miller: His deposition begins at page 3 and it ran over to and including page 34.

The Clerk: That is marked for identification AF.

(The exhibit referred to was marked Defendants' Exhibit AF for identification.)

Mr. Miller: Does that offer include the two exhibits, Exhibits being marked 1 and 2, that are referred to at pages 9 and 23 of the deposition?

The Court: Yes, that will include the exhibits, too.

Mr. Fulwider: Could they be marked AF-1 and -2, maybe?

The Clerk: Where are the exhibits?

Mr. Miller: This is Exhibit 1, or a copy of it anyway.

The Clerk: Is that part of the deposition?

Mr. Miller: Yes.

The Clerk: The deposition is AF, and this exhibit will be AF-1 for identification and the other AF-2 for identification.

(The exhibits referred to were marked as Defendants' Exhibits AF-1 and AF-2 for identification.) [943]

Mr. Miller: I will offer in evidence Exhibit D, a copy of the application filed by the Franklin C. Wolfe Company endeavoring to register the trademark Duo-Seals.

The Court: It may be received in evidence.

The Clerk: Exhibit D.

(The document referred to was received in evidence and marked as Defendants' Exhibit D.)

[See page 784.]

Mr. Miller: May we stipulate, counsel, that application has now become abandoned?

Mr. Fulwider: Yes.

* * * * *

ROBERT H. ELEM

called as a witness herein by and on behalf of the defendants, having been first duly sworn, was examined and testified as follows:

* * * * *

Direct Examination

Q. (By Mr. Miller): Were you once employed by the Franklin C. Wolfe [944] Company?

A. Yes, sir.

Q. In what capacity? A. Sales engineer.

Q. Over what period of time?

A. Approximately three and a half years.

Q. Were you employed by the Franklin C. Wolfe Company in 1952? A. Yes, sir.

Q. I show you one of the papers forming a part of Exhibit 101, headed "Write It, Don't Say It," and call your attention to some handwriting on that exhibit. Whose handwriting is that?

A. That is mine.

Q. Did you make this notation on August 7, 1952? A. Right.

Q. What was the occasion of making that memorandum at that time?

A. By occasion, do you mean——

Q. What were the circumstances?

A. The company involved, Fletcher Aviation, had been after our company for quite some time to make a one-piece Lock-O-Seal instead of a two-piece, due to mechanical oversight or lack of proper supervision to put both parts together when they installed a tank or assembled a tank. [945]

Q. Did you discuss this with Fletcher Aviation?

(Testimony of Robert H. Elem.)

A. Yes, sir.

Q. Who did you talk to over there?

A. Paul Reischauer.

Q. Did you discuss this problem with him?

A. Yes, sir.

Q. Prior to this discussion that resulted in your making that memorandum, had you ever seen a one-piece Lock-O-Seal or similar sealing device?

A. Yes. [946]

Q. (By Mr. Miller): What kind of a device was it that you saw?

A. Well, it was a rubber bonded to metal device.

Q. Are you familiar with the Duo-Seal that are put on the market today? A. Yes.

Q. How do they compare with the Duo-Seals?

A. Well, configuration-wise, similar.

Q. And where did you see that?

A. First I saw it at Paul Smith's office.

Q. And who had it? A. Joe Kerley.

Q. Were you a participant of the conversation between Mr. Smith and Joe Kerley?

A. I was at the office.

Q. Approximately when did that occur?

A. The early part of the year, I judge January, February.

Q. Of 1952? A. Right.

Q. Do you recall any of the conversation that went on between Mr. Kerley and Mr. Paul Smith?

A. Mr. Kerley submitted it as a possible solution to the two-piece problem and Mr. Smith said it was no good, it wouldn't work. [947]

(Testimony of Robert H. Elem.)

Q. Had Mr. Kerley brought any of that bonded seal to Mr. Reischauer? A. Yes.

Q. Is that how you happened to see them over there?

A. Mr. Reischauer showed me some samples that were given to him by Mr. Kerley.

The Court: Now, how do you establish this as January or February, 1952? How do you know it was '52?

A. Well, sir, I called on Fletcher Aviation over a period of at least once every thirty days, and this had been a problem that they had had for a considerable time before them, and——

The Court: Yes, I know, but you said it was in 1952, now, in January or February. Now, how do you establish that it was in January or February?

A. I would have to check on the register at the Fletcher Aviation Corporation to determine when I last called on them in 1951, to testify to that, your Honor.

The Court: When did you stop working for the Wolfe Company? A. August, 1953.

Q. So this was a year and a half, then, was it?

A. Yes.

The Court: Before you stopped working for them? A. Right. [948]

The Court: All right.

Q. (By Mr. Miller): Are you sure that when you first saw the bonded rubber seal that it was before you made this memorandum, Exhibit 101?

Mr. Fulwider: May I object to that. What

(Testimony of Robert H. Elem.)

bonded seal is he talking about now? Now, he has made reference to a couple, as I understand it.

Q. (By Mr. Miller): The bonded seal that Mr. Kerley showed Mr. Smith and also the bonded seal that Mr. Kerley had delivered to Mr. Reischauer.

A. Yes, sir, I am quite sure.

Mr. Fulwider: Now, he saw it at this conversation he said he had with Kerley and Wolfe in '52, which was before the date of the invoice, is that the testimony?

Mr. Miller: Yes, definitely. He is quite sure of that.

Mr. Fulwider: Did he testify yet as to when he saw——

The Court: Well, now, let me find out. You were referred to a part of Exhibit 101 and you identified a memorandum as being in your handwriting?

A. Yes, sir.

The Court: Now, the invoice shows that this was dated 8-12-52?

A. Yes, sir.

The Court: Now, would you say that you saw this [949] one-piece seal that Mr. Kerley had been talking to Mr. Smith about before the date of this invoice?

A. Considerably, your Honor.

The Court: Months?

A. Yes, sir.

Mr. Miller: You may cross examine.

(Testimony of Robert H. Elem.)

Cross Examination

Q. (By Mr. Fulwider): Now, Mr. Elem, describe for me this bonded one-piece seal that you say you saw Mr. Kerley hand to Mr. Smith in Mr. Smith's office. How was it constructed?

A. Well, it was a washer with essentially a doughnut bonded by means of vulcanizing to the inner dimension of the washer.

Q. How do you know it was vulcanized?

A. That is the only way you make rubber stick to metal, sir.

Q. Did Mr. Kerley tell Mr. Smith that it was vulcanized?

A. I question whether the statement would have been necessary under the circumstances.

Q. The answer is "No", then? A. "No".

Q. Did he?

A. No, he didn't tell him it was vulcanized.

Q. Did Mr. Smith ask Mr. Kerley how the seal was made? A. No.

Q. You don't recall Mr. Kerley telling him how the rubber was bonded to the metal?

A. Well, these gentlemen are involved in the manufacture of rubber, sir.

Mr. Fulwider: Just answer the question, please, and then you can explain.

The Court: Read the question to the witness.

A. No.

Mr. Fulwider: The answer is "No".

Q. How many seals did Mr. Kerley show Mr. Smith at that time?

(Testimony of Robert H. Elem.)

A. Well, a handful, half a dozen or such a matter.

Q. Were any of those seals cut away so that you could see what the cross section of the rubber and metal was? A. No, sir.

Q. As a matter of fact, the rubber was cemented to the inside of the metal washer, wasn't it?

A. Not by mechanical means, sir, no. It was vulcanized to the metal.

Q. I didn't ask you about mechanical means. I say, as a matter of fact, isn't it a fact that the rubber washer was cemented to the inside of the metal washer? [951]

A. No, sir, it was not. It was vulcanized.

Q. How do you know that?

A. Because I am familiar with the application of the use of rubber with metal, and it was not cemented.

Q. And can you tell by looking at a washer on a Duo-Seal or a Stat-O-Seal whether or not it is cemented—— A. Yes.

Q. ——or vulcanized? A. Yes, sir.

Q. How do you do that?

A. Show it to me and I will show you.

Mr. Fulwider: Let us have one of these Duo-Seals.

Mr. Lee: Exhibit No. 8.

Mr. Fulwider: Exhibit 8; it is one of ours.

Q. Now, referring to Exhibit 8, will you explain to me how you can tell by observing these Duo-

(Testimony of Robert H. Elem.)

Seals whether or not they are vulcanized to the metal or whether they are cemented?

A. Yes, sir.

Q. Or how they are fastened?

All right, how?

A. There is a flash of rubber here indicating that there was cured rubber to metal. If they had cemented it, they wouldn't have had to cure the rubber to the metal.

Q. And do you remember examining these seals that [952] Mr. Kerley is supposed to have shown to Mr. Smith, enough—or strike that.

How do you remember whether or not the seal shown to Mr. Smith by Mr. Kerley had this flash that you mention? A. Yes, they did.

Q. You are positive of that? A. Yes, sir.

Q. Do you remember anything else about those seals? A. That they were one piece.

Q. What size were they?

A. Either 3/16 or quarter inch or a—10.

Q. What else did Mr. Kerley tell Mr. Smith in this conference that you listened to?

A. Nothing that I recall, sir.

Q. Do you recall anything else Mr. Smith said?

A. Nothing.

Q. Mr. Smith, as I understand, is supposed to have said that it would not work?

A. Yes, that is right.

Q. What wouldn't work?

A. The sealing device that Mr. Kerley submitted to him.

(Testimony of Robert H. Elem.)

Q. You mean it wouldn't seal?

A. It was "no good" was his term.

Q. Did he say why it was no good? [953]

A. No. Just that it was no good.

Q. He didn't explain to Mr. Kerley as to why he thought that this seal that Kerley was showing to him wouldn't seal satisfactorily?

A. I can't recall.

Q. What was the answer?

A. I can't recall.

Q. How did you happen to be present at this conference? A. Here?

Q. The one you have just related with Kerley and Smith?

A. I was more or less of a liaison personnel between Rubber Teck and the Franklin C. Wolfe Company and the employee of Franklin C. Wolfe as representatives for the Rubber Teck Company, and as such, was required to be present many times when either Mr. Kerley or Mr. Karres came over to the plant.

Q. Where was the Wolfe Company plant at the time of this conversation?

A. 3644 Eastham Drive, Culver City.

Q. Did Mr. Kerley and Mr. Smith discuss at all possible objections to manufacturing problems in the manufacturing of this seal Mr. Kerley is supposed to have shown him? A. Yes. [954]

Q. What did he say?

A. It would appear that they couldn't hold the tolerances that were required with the use of the

(Testimony of Robert H. Elem.)

type of molds that Mr. Otto Grass developed for manufacturing this part.

Q. Did he say that they couldn't hold the tolerances in those molds? A. Right.

Q. In this one-piece seal? A. Right.

Q. Do I understand your testimony, then, that it was stated at the conference that these one-piece seals, such as Kerley had with him, if he had them, couldn't be made by the equipment that the Duo-Seal Company or the Rubber Teck had at that time?

A. Not necessarily at that particular conference, sir. These things came up at a later date.

Q. That is the conference I am asking you about.

A. No, it didn't come out at that time.

Q. Were you at a later conference between Mr. Kerley and Mr. Smith? Is the answer no?

A. Yes, but I don't remember what the conference was about. It was not on the subject of one-piece Duo-Seals or Lock-O-Seals, or anything of that nature.

Q. Were these seals that Mr. Kerley showed to Mr. Smith referred to by him as Duo-Seals? [955]

A. No, sir, they were not.

Q. What did he call them?

A. Well, Mr. Kerley's terminology, I think he called it a gadget.

Q. This conference could have been early 1953, couldn't it?

A. No, sir, it could not have.

(Testimony of Robert H. Elem.)

Q. Why are you positive it is 1952?

A. Because it was not until after the one-piece device that Mr. Kerley showed to not only Mr. Smith, but Mr. Reischauer of Fletcher, that Mr. Smith developed what they now call the Stat-O-Seal, and that was considerably after the first one-piece sealing device I saw.

Q. What do you know of your own personal knowledge concerning the development of the one-piece Lock-O-Seal or Stat-O-Seal?

A. Mr. Smith——

Q. You were a salesman, weren't you?

A. Yes, sir, that's right. Mr. Smith felt that a mechanical attachment whereby you could simulate the actual configuration of an O ring within a washer was the optimum for this type of a sealing device, and as such they developed a seven coin, seven-stage coin die, so that they could spruel the rubber and attach it by mechanical means rather than by bonding. [956]

Q. That was quite a long while prior to the time Mr. Kerley showed the one-piece seals to Mr. Smith, wasn't it? A. No, sir, it was not.

Q. Your testimony is positively that this alleged conference and demonstration of a Duo-Seal was prior to the first manufacture by Wolfe Company of Stat-O-Seals, is that right? A. Yes.

Q. Was anyone else in this conference with Smith and Kerley?

A. It is possible Mr. Hagmann was there, but that is stretching my memory a little bit.

(Testimony of Robert H. Elem.)

Q. You say you had a conference with Mr. Reischauer in which he showed you some of these one-piece seals Mr. Kerley had given to him, or he said Mr. Kerley had given to him?

A. Yes, sir.

Q. Did you see Mr. Kerley give any seals to Mr. Reischauer, that is one-piece seals?

A. No, sir.

Q. When was this conference you say you had with Mr. Reischauer in which he showed you a one-piece seal Mr. Kerley had given him, allegedly?

A. Early part of 1952.

Q. That was likewise the early part of 1952?

A. Yes, sir.

Q. Are you sure that couldn't have been 1953 or 1954? [957]

A. No, sir. I was in Seattle, Washington, the early part of 1953 and I was not employed by the Franklin C. Wolfe Company in 1954.

Q. You left the Wolfe Company in August 1953, I take it?

A. That's right.

Q. Do you recall the circumstances of receiving this order, Exhibit 101?

A. Yes, sir.

Q. Was that on the telephone or in person, or how did you get that order?

A. Personal call on the company.

Q. As of August 1952, just a very few months after this alleged conversation between Kerley and Smith, you took an order from Mr. Reischauer for a one-piece Lock-O-Seal, didn't you?

A. Yes, sir.

(Testimony of Robert H. Elem.)

Q. They were all tooled up ready to deliver, weren't they?

A. No, sir, they were not. These were made in experimental molds.

Q. The date of the shipper is August, is it not? These were shipped August 18, were they not, first 125 and then—well, one shipped 8/12 and the other one 8/19, is that right? Will you refer to that shipper and tell me what quantities [958] were shipped on those dates?

A. 125 shipped 8/18/52 and 120 shipped 8/8/52.

Q. Where was this conference you had with Reischauer? A. In his office.

Q. You say that was early 1952?

A. Yes, sir.

Q. Tell me, did you get this order for Lock-O-Seals, one-piece Lock-O-Seals from Mr. Reischauer?

A. It came from his purchasing agent, Mr. Ernest Johnson.

Q. Ernest Johnson. Do you know whether or not he is still their purchasing agent?

A. No, sir, he is not.

Q. He is not any more? A. No, sir.

Q. Do you know where he is located now?

A. Mr. Johnson had a cerebral hemorrhage and was in Sawtelle, returned to Fletcher, and he is gone again. Whether he is back in the hospital, I don't know. But Mr. Reischauer is still with Fletcher.

Q. Did you have any conversation with Mr. Reischauer concerning one-piece Lock-O-Seals?

(Testimony of Robert H. Elem.)

A. Many times.

Q. Series 600? A. Many times. [959]

Q. When was the first conversation you had with Mr. Reischauer concerning Series 600 Lock-O-Seals?

A. When we were advised we had them available.

Q. When was that?

A. Probably—this is something I have to guess. It must have been somewhere in June or July.

Q. Of 1952? A. Yes, sir.

Q. Did you have any way at all of fixing the time when this conference was allegedly had between Kerley and Smith?

A. Well, sir, it had to be the early part of 1952, and I say January or February, because that denotes the early part of 1952 in my mind.

Q. The only way you fix it is it is now your testimony that it was prior to the Stat-O-Seal coming on the market? A. That is true.

Q. You have no other way of fixing that date?

The Court: You said you were in Seattle, I believe, the early part of 1953.

The Witness: That's right.

The Court: Were you up there continuously?

The Witness: I was there from February to the latter part of May.

Q. (By Mr. Fulwider): 1953?

A. Yes, sir. [960]

The Court: Where were you in August and September 1952?

(Testimony of Robert H. Elem.)

The Witness: Los Angeles.

The Court: Were you working for the Franklin C. Wolfe Company at that time?

The Witness: Yes, your Honor.

Q. (By Mr. Fulwider): When did you go to work for the Wolfe Company?

A. January of 1951—or was it 1950?

Q. January 1951? A. Yes, sir.

Q. I show you Exhibits 60 to 68. Will you examine those carefully and tell me whether or not you have ever seen any of those drawings or any drawings similar?

Mr. Miller: Objected to as improper cross examination. Nothing about this in the direct.

The Court: Overruled.

The Witness: I can identify these. I cannot identify these, because I am not a tool and die man.

Q. (By Mr. Fulwider): Which ones do you identify?

The Court: When you come to read the record, “these” doesn’t mean anything.

The Witness: I can identify No. 60, 61, 63, 65, 66 and 68.

Q. (By Mr. Fulwider): And what do they represent? [961]

A. No. 68 represents a cross-section of the rubber attachment.

Q. For what? Stat-O-Seal, one-piece Lock-O-Seal?

A. What they call the one-piece Lock-O-Seal here. No. 66 represents another cross-section of the

(Testimony of Robert H. Elem.)

one-piece Lock-O-Seal of a different dimension, $\frac{5}{8}$.

No. 65 gives the cross-section of the metal washer.

No. 63 identifies another cross-section of the rubber or one-piece Lock-O-Seal.

No. 62 identifies a mold insert for a $\frac{1}{4}$ inch one-piece Lock-O-Seal.

No. 61 identifies another cross-section of $\frac{1}{4}$ inch one-piece Lock-O-Seal.

No. 60 identifies the cross-section of the actual washer. It is not identified here by any designation.

Q. Did you see one-piece Lock-O-Seals made substantially as shown in those drawings at about the date of those drawings?

A. I saw samples.

Q. Yes. So there were Lock-O-Seals made according to these drawings as of the dates there, Exhibit 60 being April 18, 1952?

A. No, sir. It would take them at least 45 days to make the tooling to make that after they made the drawings.

Q. And you didn't see any one-piece Lock-O-Seals until [962] 45 days after the dates of these drawings, is that right? A. At least.

Q. At least that. When did they start making the tooling for the Stat-O-Seals?

A. After the drawings were finished. [963]

Q. (By Mr. Fulwider): Do you recognize Exhibit 108? A. Yes, sir.

Q. That is a tooling drawing, is it not, of a Lock-O-Seal, of a one-piece Lock-O-Seal?

A. It is a tooling drawing of a metal part.

(Testimony of Robert H. Elem.)

Q. Yes. And is it your testimony that those metal washers as shown in 108 were made 45 days after that date?

A. I would say, sir, that I know they encountered difficulty with this 7-stage coining die and 45 days would be a very conservative estimate as to when they turned out part of it.

Q. About how long did it take them, do you remember, to actually get the dies so they would work, from the time they first started on them?

A. Not less than three months.

Q. Could it have been more than three months, do you think? A. It could have been.

Q. What sort of trouble did they have with these coining dies?

A. They couldn't hold their tolerance as near as I know, being a salesman and not a tool and die maker.

Q. Do you remember when they started development, made up the first experimental tools, dies, for the washers on the Stat-O-Seals? [964]

A. It was between the period of April and August that they started.

Q. It could not have been any earlier than April? A. No, sir.

Q. How do you know that?

A. Because the first drawing shows 4/16/52.

Q. And you base it upon the date of that drawing that I showed you, is that the one here?

A. Yes, sir, this Exhibit 108.

You can't make tooling without drawings, sir.

(Testimony of Robert H. Elem.)

Q. Is it your testimony that they didn't have any tooling for making coining metal washers for one-piece seals prior to this date?

A. Basing it on the date on this drawing, no, sir.

Q. If I showed you a drawing three months earlier, then your testimony would be that they had tools three months earlier, is that right?

Mr. Miller: I object to it as argumentative.

The Court: Sustained.

Q. (By Mr. Fulwider): Did you make any—did you turn in any type of work report to the company while you were employed with the Wolfe Company? A. Yes, sir.

Q. What type of report did you make to the company of your activities? [965]

A. Many of them were verbal, to Mr. Hagmann.

Q. Did you ever make any written reports of any type? A. Yes, sir.

Q. What type, how were they made?

A. They were made on a piece of paper outlining my activity, particularly on a road trip.

Q. When you were out of town, would you send a memorandum to Mr. Hagmann periodically of what you were doing? A. Right.

Q. How about your expense accounts, did you send them in periodically? A. Yes, sir.

Q. Now, when you were operating out of Los Angeles, did you always send, make some type of written memorandum of your sales trips outside of Los Angeles area? A. Yes, sir.

(Testimony of Robert H. Elem.)

Q. Did you make any type of written memorandum of your activities in the Los Angeles area?

A. Depending on the importance of the call. If it was not important, no. If it was, I did.

Q. What was your procedure for taking orders from customers for Lock-O-Seals and Stat-O-Seals?

The Court: Now, if you have any written memorandum, [966] let us have the written memorandum and not waste time to lay a foundation here. Now, if you have any written memorandum that is important to the case, let us have it.

Mr. Fulwider: I am wondering what type of written memorandum he made on orders he took here in the Los Angeles area.

Were they like the little one as part of Exhibit 101? Was that your usual way of taking an order?

A. No. It was not my usual way of taking an order. There is not a usual way of taking an order, sir.

Q. Did you have anything in the nature of an order book or an order blank? A. No, sir.

Q. Did you keep any kind of a time sheet when you were with the Wolfe Company?

A. No, sir.

Q. At any time during 1952 were you out on the road? A. Yes, sir.

Q. During what period?

A. It is impossible to say.

Q. You don't remember? A. No, sir.

Q. Do you remember how much of the year 1952 you were outside of the Los Angeles area?

(Testimony of Robert H. Elem.)

A. 90 days total over the whole year. [967]

Q. Did you talk to anybody about this case before you came up here today?

The Court: I think that is one of the silliest questions that any attorney asks a witness, because I think if any attorney would put a witness on the stand without talking with him, the attorney would be derelict. The attorney talks to witnesses. He has to, to find out what he is going to testify to.

Mr. Fulwider: I very seldom use it, your Honor, but I very seldom run into a witness who in my opinion is not telling the truth.

The Court: Well, I am talking of attorneys generally, because I find that question is asked in pretty nearly every case, and I think it is the silliest question that can be asked of a witness.

Mr. Fulwider: I always talk to my witnesses and I assume Mr. Miller does, too.

The Court: Why, sure. If Mr. Miller didn't talk to this witness, I would think Mr. Miller was derelict in handling this case.

The Witness: I have talked to your own counsel.

Mr. Fulwider: That is right.

Q. When did you first talk to Mr. Karres about coming up here today to testify?

A. When did I first talk to him about it? [968]

Q. Yes. A. When I first heard about it.

Q. About the lawsuit? A. Yes.

Q. When did you first talk to Mr. Karres most recently about testifying today?

A. I talked to Mr. Karres yesterday.

(Testimony of Robert H. Elem.)

Mr. Fulwider: I would like, if the Court will, to keep this man available for the afternoon session and give me a chance to talk to Mr. Smith and Mr. Hagmann, because I don't believe his story.

The Court: All right. He will remain while we are in session and remain here the rest of the day, and if you want to postpone any further cross examination until you have had time to talk to other witnesses, all right. You admit you talk to witnesses, I suppose?

Mr. Fulwider: I certainly do.

The Court: I will be glad to let you recall this man for further cross examination.

Mr. Fulwider: I do have one more question here. Mr. Lee calls my attention to a drawing. Is this marked?

Mr. Lee: No.

The Court: It may be marked.

The Clerk: 110 for identification.

(Said drawing was marked Plaintiffs' Exhibit 110 for identification.) [969]

Q. (By Mr. Fulwider): Can you identify the Exhibit 110 for me?

A. Sir, I can identify it all right, but Mr. Nenzell was not in the employ of the Franklin C. Wolfe Company on the 29th of October, 1951.

Q. I will accept that observation, but what does this drawing show? A. It shows a washer.

Q. What kind of a washer?

A. A one-piece Lock-O-Seal.

Q. And the date on that drawing is what?

(Testimony of Robert H. Elem.)

A. October 29, 1951.

Q. Did you see that drawing or a drawing similar to that at about that date?

A. Not that I can recall.

Q. Experimental Lock-O-Seals were made in accordance with that drawing, weren't they?

A. Yes.

Q. At about the date of the drawing, weren't they? A. No, sir.

Q. What is your recollection of the earliest one-piece Lock-O-Seal you saw made in accordance with this drawing?

A. As I mentioned awhile ago, you don't make a part the day the drawing comes off the board.

Q. Now, you do remember seeing Lock-O-Seals made like that drawing, don't you?

A. Similar to it.

Q. Yes, and when did you first see those Lock-O-Seals?

A. Those were the first ones before they developed the 7-stage coining die.

Q. Yes, that was an earlier stage of development, I take it? A. Yes.

Q. Did they ever manufacture and sell those to the trade as shown in the exhibit you have in your hand? A. No.

Q. How many different stages do you recall of development of the metal ring were there before they finally came up with the one that they sold to the trade?

A. It would be difficult to say, sir. [971]

(Testimony of Robert H. Elem.)

Q. How many stages or types of experimental rings did they make at the Wolfe Company prior to this one shown in Exhibit 110?

A. Hundreds of different ones.

Q. Hundreds of different experimental rings prior to this one here in 110?

A. No, not prior to that.

Q. After this?

A. Well, it would have to be after that.

Q. Why would it have to be after this if they are a different type of ring?

A. Well, this is similar to the ring that Rubber Teck makes. If that is no good, then Rubber Teck's is no good, and vice versa.

Q. Oh, I see.

Mr. Fulwider: I would like to offer this in evidence, your Honor, Exhibit 110.

The Court: It may be received in evidence.

The Clerk: Exhibit 110.

(The exhibit referred to was received in evidence and marked as Plaintiffs' Exhibit No. 110.)

[See Book of Exhibits.]

Mr. Miller: Could I make an objection just for the record?

The Court: You can.

Mr. Miller: The document hasn't been properly [972] identified or authenticated.

Mr. Fulwider: This witness identified it.

Mr. Miller: To a certain extent, but the witness——

(Testimony of Robert H. Elem.)

The Court: Don't give your argument now. You wanted to make an objection for the purpose of the record.

Mr. Miller: That's right. My point is this. The witness said Mr. Menzell wasn't there who was supposed to have been the draftsman October 29, 1951.

The Court: You can bring that out on redirect. The objection is overruled. It is received in evidence.

Q. (By Mr. Fulwider): Now, Mr. Elem, you were aware of all this development work, weren't you, that the Wolfe Company did on the Stat-O-Seal?

A. Not all of it, sir, but most of it.

Q. At least you were aware of all the work that was done when you were working out of the Los Angeles office, and weren't away on a road trip?

A. No, sir, not all of it, but most of it.

Q. Most of it. You sat in on numerous discussions, I imagine, with Mr. Smith and others in the Wolfe Company? A. Yes, sir.

Q. Can you describe for me some of the other types of ring that were tried by the Wolfe Company before they finally wound up with this coined type that is on the market now?

A. Well, Mr. Smith's premise has always been a mechanical [973] attachment, and I can recall a couple of them that he had actually bonded to a metal retainer. They were not satisfactory.

Q. At what stage of the development were those?

(Testimony of Robert H. Elem.)

A. The early stages of the development.

Q. About the time of this one I just showed, the one with the inside ring sticking out, which you said was just like the Duo-Seal?

A. Exhibit 110?

Q. Yes.

Mr. Miller: Object to the question as assuming something not in evidence. You assume that there is a date here.

Mr. Fulwider: There is a date on the drawing.

The Court: Yes, there is a date on the drawing.

Mr. Miller: That's the point. The witness has said this Mr. Menzell wasn't there on that date.

Mr. Fulwider: That has got nothing to do with it, Mr. Miller.

The Court: I don't know whether he said that or not. He did make a voluntary statement that could have been stricken out if the proper motion had been made. You can develop that when you get the witness back, whether or not the draftsman was employed. Suppose he wasn't employed at that time. He made the drawing for Wolfe Company. Suppose he was [974] an independent contractor?

Mr. Miller: Was this a pre-dated drawing?

The Court: I don't know whether it was a pre-dated drawing.

Mr. Miller: Am I to assume the date of the drawing? This witness wasn't called upon to identify these drawings on direct.

The Court: You are not assuming that the plaintiff is manufacturing evidence, are you?

(Testimony of Robert H. Elem.)

Mr. Miller: I have encountered a number of instances, your Honor, where draftsmen in plants have been engaged in the practice of pre-dating their drawings a year.

The Court: I know, but there is no evidence in this case of that.

Mr. Miller: I know there isn't, except the witness' statement.

The Court: You can develop all that when you get the witness back.

Q. (By Mr. Fulwider): Now, on these early types of metal washers that were not satisfactory, when was the first one of those made, to your recollection, Mr. Elem, by the Wolfe Company?

A. Of a one-piece nature? It could be made any time without my recollection, but I don't recall when the first one was made. [975]

Q. Do you recall when you first saw one of these samples or experiments that Paul Smith was conducting or that they were making at the Wolfe Company to try and get a washer that would be satisfactory for a one-piece seal?

A. No, sir, I can't.

Q. You don't recall when you first saw one of those? A. No, sir.

Q. You mentioned Paul Smith felt that the best way to attach the rubber to the metal was by some mechanical means? A. Yes, sir.

Q. That had always been his position, hadn't it?

A. I would say it has always been his position.

(Testimony of Robert H. Elem.)

Q. Did Mr. Smith ever propose, to your recollection, just cementing the rings into the metal?

A. No, sir. I don't recall.

The Court: Mr. Fulwider, may I ask you a question?

Mr. Fulwider: Yes, your Honor.

The Court: The fact is, now, that Wolfe Company does use a mechanical process for attaching the rings.

Mr. Fulwider: That's right, that's what it amounts to, because they mold the rubber through those little holes.

The Court: No vulcanizing?

Mr. Fulwider: I imagine there is a certain amount of vulcanizing, because I think whenever you cure rubber—I am not really positive on that.

The Court: Are you an engineer?

Mr. Fulwider: Yes, but not a rubber engineer.

The Court: As far as I know from the testimony of the plaintiff's witness, it is purely mechanical. They use a die with a lot of force to force the rubber in.

Mr. Fulwider: That is what they rely on, yes.

The Court: The rubber may be hot and there may be a certain amount of adhesion to the metal, but whether that is vulcanizing or not, I don't know.

Mr. Fulwider: I am not really sure. I was under the impression vulcanizing is a rather broad term. Certainly, we don't have any adhesive or primer or whatever it is, like Duo-Seal has to try and bond it.

(Testimony of Robert H. Elem.)

Can we take the recess now, your Honor?

The Court: Yes, we can take the recess now.

Court will recess until 15 minutes after 11:00.

(Recess.) [977]

Q. (By Mr. Fulwider): Now, Mr. Elem, as I recall your testimony just before the recess, it was to the effect that you were not sure when you saw the first experimental rings that the Wolfe Company made up for this one-piece seal?

A. That is right, sir.

Q. And I believe there were a great many of those experimental rings made around there at different times? A. Yes.

Q. Could you have seen some of those experimental rings in 1951, concerning the date of that Lock-O-Seal drawing, Exhibit 110, as in 1951?

A. 10-19-51, no, sir, I don't believe so.

Q. You don't know whether you saw them in '51 or '52?

The Court: No.

Mr. Fulwider: You say you saw them in 1952.

The Court: Now, he said he saw them in 1952.

Mr. Fulwider: That is correct, he saw them in 1952.

Q. I mean is it possible you saw them in 1951, also, the latter part? A. No, sir.

The Court: Everything is possible; everything is possible.

Mr. Fulwider: I think it goes to the witness' knowledge. [978]

The Witness: Allow me to elaborate just a mo-

(Testimony of Robert H. Elem.)

ment here. We were located on Mississippi Avenue in 1951 and moved to Eastham Drive with greater facilities for manufacture in 1952.

Q. In what part of 1952, can you tell me?

A. Yes, sir. We moved in in January, 1952. I predicate it on the lack of equipment in the Mississippi installation. It would have been almost impossible to have seen a one-piece device developed at that time.

The Court: You say you moved to the Eastham Avenue address in January of 1952?

A. Yes, sir.

The Court: You are sure of that date?

A. Yes, sir.

Q. (By Mr. Fulwider): Did the Wolfe Company make any of these experimental washers themselves for the one-piece? Did they stamp them out themselves?

A. Pacific Cut Washer was making all their washers up until the time they went to Eastham Avenue.

Q. I know that Pacific Cut made their production washers, but didn't the Wolfe Company actually stamp out these experimental ones themselves?

A. They had no stamping facilities.

Q. Were any of them made by hand or machine tools? A. It is possible, yes. [979]

The Court: May I break in?

Mr. Fulwider: Yes.

The Court: You told us they moved to the East-

(Testimony of Robert H. Elem.)

ham Avenue address in January, 1952. How do you establish that time?

A. Well, sir, it was the holidays in 1951 and it is very easy to recall a movement of that magnitude in the holidays.

The Court: Well, Mr. Smith, when he was on the stand the other day, testified they moved in September or October, 1951.

The Witness: Well, we celebrated Christmas at Mississippi Avenue.

The Court: Are you sure of that?

A. Yes, sir. They may have started moving in, but the whole facilities did not get in there until after the first of the year.

The Court: All right.

Q. (By Mr. Fulwider): Now, in the Mississippi Avenue plant, did they have any machine tools or equipment with which they could make these experimental washers?

A. It is possible they had a small lathe as I recall.

Q. For experimentation, there could have been a lathe there at the Mississippi plant?

A. It is possible. [980]

Q. Did you have any equipment at the Mississippi plant for molding the rubber or making experimental molds there with which they could mold rubber into those experimental rings, the one-piece?

A. They had a small Preco Press, yes, sir.

Q. So they could have molded the rubbers into

(Testimony of Robert H. Elem.)

the rings, to the one-piece washers in the Mississippi plant? A. Yes.

Q. Now, if they did develop that they had moved to the Eastham plant in September of 1952, then your testimony would be, I assume, that you could have seen these experimental rings—I mean in September, 1951, you could have seen these experimental rings that we have been discussing in 1951, couldn't you? A. No, sir. [981]

Q. I take it from your testimony that they were made very shortly after the move to Eastham. You say they moved there in January 1952, and you told us here this morning that you remember seeing numerous of these experimental metal rings for the one-piece in the early part of 1952, so I take it from that it was right after the move.

A. I think you are presuming, but it could have been several months after we moved to the Eastham facility.

Q. Could have been several months or could it have been one month, you are just not sure?

A. Yes, sir, that's right.

Q. As a matter of fact, some of them could have been made in the Mississippi plant?

A. Could have been, but I didn't see them there.

Q. You don't recall? A. No, sir.

Q. But you are not sure?

A. Yes, sir, I am sure.

Q. Your testimony this morning as to the date of the conference with Mr. Kerley as being in the early part of 1952 is based entirely on the fact that

(Testimony of Robert H. Elem.)

you think the plant was moved to Eastham in January 1952?

A. Sir, I don't think. I know it was moved there in January 1952.

Q. How long does it take, if you know, to make up experimental [982] tooling sufficient to make a few of these metal rings for the one-piece?

A. It depended on how rapidly you want to get them out. You can make them in five days, you can make them in 45 days, you can make them in 90 days.

Q. I am thinking in terms of experimental tooling.

A. Experimental tooling?

Q. Not production tooling.

A. Not less than 45 days.

Q. Not less than 45 days. You are thinking in terms of dies to stamp the rings?

A. I am thinking of the molds, to mold the rubber into place.

Q. Single cavity?

A. Yes.

Q. After you left the Wolfe Company, you worked for Rubber Teck, did you not?

A. No, sir.

Q. You worked for Randall Associates?

A. Yes, sir.

Q. That was partially owned by Mr. Karres, I believe.

A. Mr. Karres, and another Mr. Karres, who is his brother, two Mr. Siamases and myself were officers in the corporation formed, called Randall Associates.

(Testimony of Robert H. Elem.)

Q. And that corporation sold Duo-Seals, as I recall it? [983] A. In Seattle, only.

Q. How long were you associated with Randall Company?

A. November, 1954 until March of 1955.

Mr. Fulwider: That's all I have at this time, your Honor. I would like a chance to talk to Mr. Smith during the noon hour and have this gentleman come back.

The Court: All right. Will you remain at least in call so you can be called back to the stand?

Mr. Miller: The witness told me during the recess he was behind on his Christmas shopping. Could he be excused from the court with the understanding he can come back at 2:00 o'clock?

The Court: Yes.

The Witness: Your Honor, I would just as soon get it over with and do my Christmas shopping afterwards.

The Court: All right. You will stay in attendance on the court then until after the noon recess.

Mr. Miller, do you have any questions now?

Redirect Examination

Q. (By Mr. Miller): When was the first time that you saw a one-piece seal?

The Court: Mr. Miller, could I suggest you postpone any further examination of this witness until after Mr. [984] Fulwider has completed his examination?

(Testimony of Robert H. Elem.)

Mr. Miller: Very well.

The Court: Otherwise you may be duplicating and time is of the essence here. I don't want you to ask the questions twice.

Mr. Miller: Very well. I will withhold any further redirect of this witness at this time.

* * * * *

PAUL A. KARRES

recalled as a witness by and on behalf of the defendants, having been previously duly sworn, was examined and testified further as follows: [985]

* * * * *

Direct Examination

Q. (By Mr. Miller): I show you Exhibit 9. Can you tell from that exhibit when it was that you first gave publicity to the fact that you were going to call your seals Duo-Seals?

A. Yes, sir. The publicity shows May and we had to submit it approximately a month prior to this date.

Q. That is the copy for that?

A. The copy of this ad to be submitted to get into the particular magazines that we intended to advertise in.

Q. That was May of what year? A. 1953.

Q. You had this publicity appear in which magazines or publications?

A. Excuse me. This is 1954. I must be a little off.

Mr. Fulwider: I wondered.

(Testimony of Paul A. Karres.)

The Witness: Let me go over this once more, please. Yes, the date was wrong. 1954.

Q. (By Mr. Miller): What sort of publications are those that this publicity appeared in?

A. Well, they are Equipment and Materials, Aviation Age, Production Design and Development, Petroleum Equipment, New Equipment Devices, Heating, Piping, Air Conditioning. [986]

Q. Are those of national distribution, do you know? A. Yes, they are, sir.

Q. When was the copy for that supplied with reference to the date of publication?

A. Possibly around April of the same year.

Q. That would be a month or two months prior to the date of issue?

A. Definitely. You cannot get into the magazine without your copy being approved and waiting your particular time.

Q. What were the objections to Lock-O-Seals that caused Rubber Teck to develop the Duo-Seals?

A. Principally the mechanics working applying, putting on just the washer without the rubber ring, and if they should put the rubber ring on, at times they would probably cock the washer. It wouldn't seal effectively. They had various trouble in the field, as I understand, of not self-centering, and if the rubber was pushed up against the—when you place the rubber in, you would have possibly more rubber on the bottom than you would the top. They would never self-center.

Q. Was there any objection with relation to

(Testimony of Paul A. Karres.)

maintaining tolerances, that is, keeping to your nominal sizes, so to speak?

A. I am sorry. I am not qualified to answer that particular question.

Q. Why weren't the Duo-Seals put on the market as soon [1987] as you developed them?

A. Well, principally because the Franklin C. Wolfe Company was our representative and also the Kerley contract, which we didn't want to break.

Q. When you say the Kerley contract, you have reference to——

A. Which Kerley had with Franklin C. Wolfe Company, independently of Rubber Teck, but we were working orally under the contract and we just showed it to Wolfe Company for evaluation and they were to take it on and sell it. We weren't interested in going into the selling business at that time, until they broke the contract with us on the sales.

Mr. Fulwider: I object and move to strike the last part of that about breaking the contract.

The Court: It may go out.

Q. (By Mr. Miller): Did the Wolfe Company sell other rubber goods that you were capable of manufacturing during 1953?

A. I definitely had seen some in their factory.

The Court: Just a minute.

Mr. Fulwider: I object. I can't see what materiality that has to this proceeding.

(Testimony of Paul A. Karres.)

The Court: I don't know what you are trying to establish, Mr. Miller.

Mr. Miller: The fact that the Wolfe Company did finally violate their exclusive sales agreement and that caused these people to reorient their attitude.

The Court: You are asking this witness a question: Could certain things happen? I am going to sustain the objection upon the ground you are asking for an opinion here.

Mr. Miller: I don't think my question was "could." Did.

The Court: You are still asking for an opinion. You asked, did they sell something that could have been manufactured by Rubber Teck? That is the question, as I remember.

Mr. Miller: That is correct.

The Court: But you used "could have been manufactured."

Mr. Miller: He knows the facilities that Rubber Teck had for manufacturing rubber goods at that time.

The Court: Let's don't waste time arguing. I have ruled that it is calling for a conclusion.

Q. (By Mr. Miller): What are the advantages of Duo-Seals over the Lock-O-Seals? [989]

The Court: We have gone into that, Mr. Miller, with about two or three witnesses. This is just cumulative, is all.

Mr. Miller: I don't know to how much extent

(Testimony of Paul A. Karres.)

it is scattered through the record, but I will withdraw the question.

Q. Does it make any difference what the initial shape of the rubber is as long as the rubber is above and below the metal before applying pressure and after the bolt is tightened up there is no extrusion of the rubber over the metal?

Mr. Fulwider: I object to that, your Honor. There is no showing—in fact, the showing is the other way, that this man is not an expert.

The Court: Overruled.

The Witness: I would say there would be no difference in the shape of the rubber.

The Court: In other words, as far as you are concerned, the rubber could be round, rectangular or square.

The Witness: Yes.

Q. (By Mr. Miller): Are you acquainted with Dyna-Seals? A. Yes, I am.

Q. How long have you been acquainted with them?

A. Oh, approximately since 1949 and 1950.

Mr. Fulwider: I object to any discussion or questions concerning Dyna-Seals. He says he wasn't familiar with the Dyna-Seals until 1949 and 1950. Our patent issued in 1946, [990] so this can't be prior art.

The Court: I think your objection is premature. I don't know the purpose of this yet. It may be that the next question would indicate he can't answer.

(Testimony of Paul A. Karres.)

Q. (By Mr. Miller): I show you two seals and ask you whether or not you recognize these.

A. Yes, I recognize these as Dyna-Seals.

Mr. Miller: I will offer these in evidence.

Mr. Fulwider: I object to the offer.

The Court: Sustained. What is the purpose, Mr. Miller?

Mr. Miller: To show that the shape doesn't enter into the sealing effectiveness of the washer.

The Court: Let this witness testify. There is no testimony yet that that is not a round rubber ring. I assume you know it isn't a round rubber ring, but I don't.

Mr. Miller: I think the exhibit speaks for itself.

Mr. Fulwider: If your Honor please, what issue, what count of this case is this evidence supposed to be material to? Here is a ring made in 1949 or 1950, or at least some time later than that.

The Court: It may mean this, Mr. Fulwider. You have used a round rubber O ring and the testimony of your witnesses is to the effect that it is only a round O ring [991] that can be forced out of shape or distorted so it will fill all the voids.

Mr. Fulwider: Only the doughnut.

The Court: I asked the question, why wouldn't a square ring do just as well? Your witnesses said it wouldn't. Now, if this is a square ring, then there is some evidence that a square ring

(Testimony of Paul A. Karres.)

will perform the same thing that the round ring will.

Mr. Fulwider: Does Mr. Miller offer this merely to demonstrate that a square ring will work, or does he offer it as prior art, or how does it tie into the case?

Mr. Miller: It ties into the case in several respects. In your opening statement——

The Court: Now, just a minute here.

Is the rubber ring in this washer round?

The Witness: It has a square cross section.

The Court: It has a square cross section?

The Witness: Yes.

The Court: I will admit it only for the purpose of showing it has a square cross section. If you can tie it up in some other way, I will admit it for that purpose, also, but as far as I am concerned now, the only thing I am interested in is that here is a one-piece ring, a one-piece seal, and it uses a square ring.

Do you know whether or not this seal has been used [992] in the trade?

The Witness: They have sold millions of them.

Mr. Fulwider: Does he know?

The Witness: Definitely.

Mr. Fulwider: May I ask on voir dire how he knows?

The Witness: Yes, I will be very happy to tell you. Aircraftsman, who are now—they have gone bankrupt—ordered a numerous amount of Duo-Seals from us—let me elaborate that—ordered

(Testimony of Paul A. Karres.)

800,000, and they called back and said, "We just want 400,000 because we have 400,000 Dyna-Seals here."

Mr. Fulwider: Who said this?

The Witness: Aircraftsman.

Mr. Fulwider: Who are they?

The Witness: They were in Gardena and they were making fire bombs and drop tanks.

Mr. Fulwider: I move to strike it as strictly hearsay. He doesn't know.

The Court: Overruled. Motion denied. [993]

Mr. Miller: Among the Plaintiffs' Exhibits here, there was a brochure of Dyna-Seal. I don't know where to find it.

The Clerk: Is this admitted?

The Witness: I have one over there I brought this morning on the Dyna-Seal.

The Clerk: Is this admitted, your Honor?

The Court: It is admitted for a restricted purpose, only to show the shape of the rubber.

The Clerk: Exhibit AG.

(Said exhibit received in evidence as Defendants' Exhibit AG.)

Mr. Miller: Where are the exhibits that have not been put in evidence yet, the Plaintiffs' Exhibits?

The Court: Let me see that last exhibit.

Q. (By Mr. Miller): Are the Dyna-Seals advertised?

A. Extensively. They are also manufactured in Canada.

(Testimony of Paul A. Karres.)

Q. Do you know who makes them?

A. Precision Rubber Products, I believe it is at Dayton, Ohio.

Q. I show you a clipping and ask you whether or not this is one of their advertisements of the Dyna-Seals? A. Yes, sir, that is.

Mr. Miller: I will offer the advertisement in evidence. [994]

Mr. Fulwider: I object to the offer, your Honor. It is immaterial and irrelevant and has nothing to do with this lawsuit.

The Court: Sustained.

Mr. Fulwider, may I ask you a question?

Mr. Fulwider: Yes.

The Court: Your patent calls for a doughnut shaped ring. This Exhibit AG is a flat ring. Would you consider this as an infringement of the patent?

Mr. Fulwider: No, your Honor. As I remember it, Dyna-Seal didn't. I didn't look at that close enough to be sure.

The Court: I want to know if they used a flat ring or a triangular ring, then, you would not consider it would infringe your patent?

Mr. Fulwider: No. Definitely not.

The Court: It has to infringe your patent if it is doughnut shaped?

Mr. Fulwider: And the other claims of the patent are met.

The Dyna-Seal, as I understand from catalogs we have seen, does not infringe. Definitely it is

(Testimony of Paul A. Karres.)

a different type of seal. I would be glad to so stipulate.

The Court: Well, it has a metal washer and it has a rubber. I suppose this is an O ring. An O ring doesn't [995] have to be round in cross section, does it?

Mr. Fulwider: Well, generally, I think, but that certainly is not any O ring if it is made according to the pictures in their catalog.

The Court: All right.

Mr. Fulwider: As I say, I would be glad to stipulate that the Dyna-Seal doesn't infringe, if that will shorten things up a little bit.

Mr. Miller: I am not contending as to Dyna-Seal in this case.

The Court: Well, don't you want the stipulation? You don't have to take it, if you don't want it.

Mr. Miller: No. Except the statement here, I will accept his statement here, but I am not concerned about that.

Q. When did you first become aware of the existence of Stat-O-Seals?

A. Sometime in 1953.

Q. Did you ever make a quotation to the Franklin C. Wolfe Company to make Stat-O-Seals of 5½ or 5¼ cents apiece?

A. It never crossed my desk.

Q. You never had anything to do with that?

A. No, sir.

Q. Now, concerning the orders that you receive

(Testimony of Paul A. Karres.)

for Duo-Seals from your customers, do those orders normally specify the seals by the trade name "Duo-Seals"? [996]

A. No. The majority are by number.

Q. You merely get your part number as appears on your catalog sheet?

A. That is correct.

Q. And you say the majority do not even put the name "Duo-Seals" on them?

A. No, sir. They do not.

Mr. Miller: You may cross examine.

The Court: Now, will you restrict your cross examination to the questions that were asked this morning?

Mr. Fulwider: Yes, your Honor.

Cross Examination

Q. (By Mr. Fulwider): Approximately how many million Lock-O-Seals rubber rings did Rubber Teck sell to the Wolfe Company?

A. You said approximately, I am sure?

Q. Yes.

A. Oh, I would have no way of knowing, Mr. Fulwider.

Q. Fifty million, sixty million?

A. It could be. It could have been less. Or it could have been more.

The Court: It was in the millions?

A. Yes, there is no question about that.

Q. (By Mr. Fulwider): And a lot of millions?

A. There is no question about that. [997]

(Testimony of Paul A. Karres.)

Q. Now, you say you first heard of Stat-O-Seals in 1953. When did you first hear of one-piece Lock-O-Seals made by the Wolfe Company?

A. I never had heard of it before, until '53; I didn't know any such thing existed.

Q. And you never saw any literature?

A. Never saw any literature on it.

Q. What part of 1953 did you hear of Stat-O-Seals, first?

A. I would say approximately the middle of '53, July, June, July.

Q. Do you remember the occasion of that, acquiring that knowledge? How did you happen to hear of it? Who told you?

A. I don't recall that. I get around back East, back and forth, to the numerous aircraft companies. I don't recall now.

* * * * *

OTTO GRASS

recalled as a witness herein, having been previously duly sworn, testified further on behalf of the defendants as follows: [998]

Direct Examination

Q. (By Mr. Miller): Mr. Grass, how did you test the Lock-O-Seals that you were manufacturing for the Franklin C. Wolfe Company to determine whether or not the Lock-O-Seals were of the proper size or dimensions so that they would not extrude on the metal?

A. Between two blocks of lucite with a bolt.

(Testimony of Otto Grass.)

The Court: Is that the only way you could tell, is by actual trial and error method?

A. That was the only way. The tolerances were all mentioned on the data sheet and if we took the high of the washer and the low of the rubber, they would either extrude or not seal.

The Court: So the only way that you had to determine this was by actual hand demonstration?

A. That is right.

Mr. Miller: Did you make up any test blocks of like material to do that?

A. I made up some and we received some from the Wolfe Company, from Paul Smith I think. Somebody brought some over.

Q. Did you make them up in accordance, in the same way as these test blocks that I now show you? A. Similar to that. [999]

Q. I hand you two test blocks. What are these two test blocks made out of?

A. Lucite. Some of them call them Plexiglas.

Q. And I have in this particular one between these two blocks the Lock-O-Seal that Mr. Fulwider supplied to me earlier in the trial. Will you demonstrate to the Court how you made the tests to determine whether or not the rubber extruded over the metal in the case of your manufacturing Lock-O-Seals?

Mr. Fulwider: May I ask, does that have an exhibit number?

Mr. Miller: Not as yet.

(Testimony of Otto Grass.)

The Court: Well, let us have it marked for identification.

Mr. Miller: Mark it.

The Clerk: AH for identification.

(Said exhibit was designed as Defendants' Exhibit AH for identification.)

* * * * *

The Witness: We merely put the washer and rubber doughnut on this part (indicating), and we were quite sure that the washer here fit to the mold fairly snug and we [1000] forced this over (indicating) and applied the other part in here and tightened it up, and you could see through here (indicating) whether it extruded. We could not tell if there was insufficient rubber, but we could tell if we had too much. Then we made it as high as possible without extruding.

The Court: Now, would the extruding depend somewhat upon the pressure or the tightness of the bolt?

A. Not with this bolt. You could tighten this as tight as you want. The metal washer would restrain the blocks from going any further. Unless you use an exorbitantly large amount of force to squeeze the washer into the Lucite block.

Q. (By Mr. Miller): Can you demonstrate that with these wrenches that are here, how you did tighten that up and how did you examine for extrusion?

A. The one we had had a hexagon head and we used two wrenches to tighten it. We merely

(Testimony of Otto Grass.)

tightened them up just snug with no great force applied to it.

The Court: And then can you tell from this whether or not the rubber was extruded?

A. With a glass we would look at this and we could tell if it extruded over the washer.

Q. (By Mr. Miller): You have a Lock-O-Seal there right now. Can you tell whether or not the rubber has [1001] extruded over the washer in that case?

A. Well, it extrudes over the radius in it. The washer, when it is blanked, is different than when it is bored out, and it has a slight radius on the side where it is blanked from. This rubber extrudes into this radiused area, but not over the washer.

Mr. Lee: May I see it?

The Witness: Yes.

Mr. Fulwider: Do I understand your testimony, that this rubber in here is now extruded on this upper side?

A. It hasn't extruded over the washer; just over the radius corner slightly.

Mr. Fulwider: But it has, as I understand you to say, extruded?

A. I didn't say it had extruded. I said it has filled the void in there and also the radius part from blanking greater than the diameter of the hole.

Q. (By Mr. Fulwider): It has filled the void, but it has not extruded through it?

(Testimony of Otto Grass.)

Mr. Miller: That isn't what he said.

A. I don't know how much it extruded; I would have to have a glass to tell.

Mr. Fulwider: What I want to know is what his testimony is. Either it has extruded or it has not extruded. [1002]

A. That I don't know, unless I have a magnifying glass to see.

The Court: I don't know. There are millions of these washers made and millions of them used.

A. Yes.

The Court: And I suppose they wouldn't have been used unless they were satisfactory. Now, whether it extrudes a little or much, I don't know. I don't know as it makes a great deal of difference in this case.

The Witness: Well, your Honor, 50 per cent of them that we made extruded. Some of them didn't. We couldn't manufacture that close a tolerance.

The Court: Was any ever turned back to you because it extruded too much?

A. Yes. We had them, -10 or 3/16, considerable quantities came back even after we tested them this way and measured them, and we had to change and grind down the dies, down to 66/1000 instead of 70/1000 cross section.

Q. (By Mr. Miller): Now, I have asked you to make up a washer with a square rubber ring.

Do you want to compare it with another one?

Mr. Fulwider: My eyes aren't that good.

Mr. Lee: Mark it.

(Testimony of Otto Grass.)

Mr. Miller: I would like to have this exhibit marked for identification, but I don't want to have it tagged [1003] until we get through with it.

Mr. Fulwider: As AI?

The Clerk: AI for identification.

(Said exhibit was designated Defendants' Exhibit AI for identification.)

Q. (By Mr. Miller): Is this the washer with the square rubber or rectangular rubber ring that you made up? A. Yes, it is.

Q. Did you make that up personally?

A. I did. [1004]

Q. Is the cross-section of that rubber rectangular? A. It is rectangular, yes.

Q. Do you recall what the thickness of the rubber is as compared with the thickness of the washer? A. About five-thousandths greater.

Mr. Fulwider: Than the thickness?

The Witness: Than the thickness of the metal washer.

The Court: Now, may I caution counsel and the witness that we are using terms here that are minute in quantity and it is important that the reporter get them and the reporter can't get them if there are two or three people talking at the same time. You want a good record here. You can't come in and tell me that you have got a poor record and the reporter didn't get what was said. The reporter can't get what was said if two or three people talk at the same time.

Mr. Miller: Now, where was I?

(Testimony of Otto Grass.)

(Record read by reporter.)

Q. (By Mr. Miller): Will that rubber extrude over the surface of the washer if you put it in on a bolt and compress it?

A. I would have to try it. I wouldn't know.

Q. Suppose we use this same Exhibit AH.

The Court: Now, you want to tear that exhibit to pieces and then we won't have the exhibit.

Mr. Miller: I can use another block. I thought we [1005] would use the same blocks so there wouldn't be any question about it. We have another pair of them.

The Court: I suppose, Mr. Miller, you are trying to demonstrate that the square ring when pressure is put on will be deformed so that it will fill the entire void, all the area. Is that what you are trying to do?

Mr. Miller: Yes. And this, in my opinion, the square with the square is made exactly in accordance with the disclosure of the British patent—with the square rubber ring, and that this sample here is made in accordance with the disclosure of the British patent that we are relying on.

Mr. Fulwider: May I inquire if that cross-section before it is compressed is truly square? I think it was once called square and once rectangular. Is it a square?

Mr. Miller: I will ask the witness.

The Witness: I wouldn't know whether it was square any more than I would know that the O ring was round in the Lock-O-Seal.

(Testimony of Otto Grass.)

Q. (By Mr. Miller): But it was intended to be square or molded to be square, is that it?

A. No. It is approximately five-thousandths larger than the metal washer.

Q. And what is the width of it, or do you know?

A. The width is the o.d. of the metal washer—or the i.d. of the metal washer and the i.d. of the bolt. I would [1006] have to figure out whether it is square.

The Court: It couldn't possibly be square.

The Witness: No, it is not exactly square.

Q. (By Mr. Miller): It is slightly a departure from the square, is that it? A. That's right.

Q. You have tightened these two blocks on that rubber and do you have any extrusion that you can see here over the metal?

A. Yes, I would say there was a slight extrusion here.

Q. Very slight? A. Very slight on this side.

Q. On one side only or both sides?

A. It looks more on one side than the other to me, but without a more powerful glass, I couldn't tell.

Q. I wish you would bear in mind the appearance of that extrusion that you have with a square rubber ring and substitute for that—is this a quarter-inch Duo-Seal? A. Yes.

Q. Will you put the quarter-inch Duo-Seal on the bolt, apply the blocks, and tighten them up?

The Court: Have we got two seals there now?

Mr. Miller: Only one in between the blocks.

(Testimony of Otto Grass.)

The Witness: That extrudes slightly. I don't know how much. [1007]

Q. (By Mr. Miller): Is that about the same as the square extrudes?

A. As near as I can see, yes.

Mr. Miller: I will offer in evidence the second pair of blocks, the bolt and the nut and the Duo-Seal that is between them as our next exhibit.

Mr. Fulwider: I object to the offer. No proper foundation of what these are supposed to show.

The Court: Overruled.

Mr. Fulwider: There is no testimony that these blocks are supposed to simulate any condition in the trade. We don't even know, as far as the testimony goes, how these blocks are made.

The Court: Overruled.

The Clerk: I want to know where the AI Exhibit is. Is this it?

Mr. Miller: Yes, that is the one I didn't want you to tie up until we got through with it.

The Clerk: I have to know where they are.

Mr. Fulwider: May it be understood, your Honor, that these are merely offered to illustrate the witness' testimony?

The Court: That's right, they are only offered for the purpose of illustrating the witness' testimony.

Mr. Miller: I will offer this as our next exhibit. [1008]

The Court: This may be received in evidence.

(Testimony of Otto Grass.)

The Clerk: AH and AI are marked for identification.

The Court: Do you want them in evidence.

Mr. Miller: I offer them in evidence.

The Court: They may be received in evidence.

The Clerk: AH and AI.

(The exhibits referred to were received in evidence and marked as Defendants' Exhibits AH and AI.)

The Court: And the other may be received.

The Clerk: The new one is AJ.

(The exhibit referred to was received in evidence and marked as Defendants' Exhibit AJ.)

Mr. Miller: This is a pair of blocks with a quarter-inch Duo-Seal compressed between them, lucite blocks. [1009]

* * * * *

Redirect Examination

Q. (By Mr. Miller): Mr. Grass, what were the difficulties involved in maintaining proper proportions between the metal ring and the rubber ring in the Lock-O-Seal?

A. Well, when you had the high dimension on the I.D. of the washer and the high dimension on the O.D. of the ring, you would almost always get a protrusion.

Q. Well, in the Lock-O-Seal construction you have what variables?

A. You have the I.D. of the washer, the thickness of the metal, you have the O.D. of the rubber ring, the I.D. and the cross section of the rubber ring.

(Testimony of Otto Grass.)

Q. Now, in the manufacture of the Duo-Seals, do you eliminate any of those variables?

A. We eliminate all but two.

Q. And which are those two? [1010]

A. The I.D. of the rubber ring and the O.D. of the bolt.

Q. Can you explain how you eliminate those variables in the Duo-Seals?

A. Well, the rubber is laid into the mold.

Q. The rubber is?

A. I mean the metal washer is laid into the mold and closed and the rubber is forced in. The I.D. of the washer acts as part of the mold, and regardless of the thickness of the metal washer, we mold exactly so much rubber on each side.

Q. In other words, regardless of its thickness or how thin the washer may be, the amount of rubber or the distance at which the rubber protrudes above the top surface of the washer and protrudes below the bottom surface of the washer remains constant?

A. Remains constant, yes.

Q. And where the I.D. of the washer is larger or smaller than nominal, is that taken up, that difference taken up by the rubber?

A. That difference is taken up by the rubber, yes.

Q. If it is larger, you have a little wider rubber?

A. We have more rubber.

Q. To the wall of the washer?

A. That is right. [1011]

Q. And if the I.D. of the washer is a little bit

(Testimony of Otto Grass.)

lower, then you don't have quite as much rubber in the ring? A. That is right.

Q. Did you ever attend a conference at which Mr. Paul Smith was present and he proposed making, your making molds for any Stat-O-Seals?

A. I never did.

Q. Did you design your own molds for making Duo-Seals? A. I did. [1012]

Q. And you made them yourself?

A. I made the first one.

Q. Did Paul Smith at any time ever disclose to you a proposed mold for making Stat-O-Seals?

A. Not that I can recall.

Q. What would you say are the most popular sizes for the sealing devices of the character of Duo-Seals and Lock-O-Seals?

A. The most popular size that Rubber Teck has is $1/4$, $3/16$, and $5/16$.

Q. Of an inch? A. Of an inch, yes.

Q. Did you make the first transfer molds for the Lock-O-Seals? A. I did.

Q. When did you do that?

A. In 1949, right after I came with Rubber Teck.

Mr. Miller: You may cross examine.

Cross Examination

Q. (By Mr. Lee): Mr. Grass, did you testify earlier today that Mr. Smith brought over test blocks to you?

A. I didn't say Mr. Smith. I said we got them

(Testimony of Otto Grass.)

from some place. I don't know where. I said possibly Paul Smith. [1013]

Q. Possibly Paul Smith gave them to you?

A. Yes.

Q. This washer with a square ring in it—which one is it?

Mr. Miller: I think it is still in the last block.

Mr. Fulwider: Exhibit AI.

Q. (By Mr. Lee): Referring to Exhibit AI, Mr. Grass, this is a ring with a rectangular section?

A. Yes, it is.

Q. Referring to that Exhibit AI, Mr. Grass, did you ever test it to find out if it would seal under pressure?

A. I did not.

Q. Is the device AI as good as the Duo-Seal?

A. I haven't made any comparison test.

Q. What would your opinion be?

A. I would say yes.

Q. You would say it would be as good?

A. As good, yes.

Q. Referring to this British patent, Fig. 5, is this the way the Exhibit AI looks?

A. No.

Q. It is different than that?

A. It is slightly different.

Q. What is different about it?

A. Well, they have a step here on the inside of this [1014] part. On the one I made up, it is square or rectangular, protrudes above the washer.

Mr. Miller: Could I have the last two or three questions read back and the answers? [1015]

The Court: May I see that exhibit, please?

(Testimony of Otto Grass.)

Go ahead.

Mr. Miller: Could I have the last two or three questions read back, and the answers?

(Record read by the reporter.)

Q. (By Mr. Lee): Have you ever examined the one-piece Lock-O-Seal or Stat-O-Seal, Mr. Grass?

A. I have looked at it, yes.

Q. I show you Exhibit No. 82, Mr. Grass. Is that the kind of a Stat-O-Seal or one-piece Lock-O-Seal that you examined?

A. That is a Stat-O-Seal similar to the one I have seen before.

Q. I believe you said there were certain advantages in the Duo-Seal over the two-piece Lock-O-Seal, is that correct? A. That is correct.

Q. Would those same advantages be found in this Stat-O-Seal?

A. Yes, I imagine the same; providing their mold is made so that it will allow for the different thicknesses of the washer, it would be the same.

Q. These transfer molds you made in 1949, did they have anything to do with making one-piece seals? A. They made O rings. [1016]

Q. Nothing to do with one-piece seals of any kind? A. No, sir.

Mr. Lee: That is all, Mr. Grass.

The Court: Any other questions?

Mr. Miller: Just a few.

Redirect Examination

Q. (By Mr. Miller): How does the rectangular, Exhibit—

(Testimony of Otto Grass.)

The Clerk: The Judge has it up there; it is up there (indicating witness stand).

Q. (By Mr. Miller): —AI compare with the showing made in Figure 2 of the British Patent?

A. On Figure 2 it looks like it is supposed to be a small step in there, smaller——

Q. (By Mr. Miller): A step between the rubber and the metal? A. Yes.

Q. Is that what you have reference to?

A. No.

The Court: Keep your voice up. Everybody has to hear you. And I am sure they can't hear you.

The Witness: Well, it looks to me like this part in here (indicating) shows a smaller cross section than it does next to the ring.

Q. (By Mr. Miller): Well, here in Figure 2, the [1017] rubber or inner ring is a little thicker vertically than the outside member 8. Do you understand it that way, interpret the drawing that way? Just look at Figure 2.

A. It looks to me like the rubber there is thinner than the metal ring.

Q. Well, which is the rubber?

Mr. Fulwider: I object to counsel testifying, your Honor. I think the witness has explained that.

The Witness: I am a little bit confused on this drawing here. I have the rubber and the metal confused here.

This is the rubber on the inside (indicating).

Q. (By Mr. Miller): All right, now, that has a reference character. What is it?

(Testimony of Otto Grass.)

A. That is—where is the reference?

Q. Well, there are only two reference characters in that figure, 7 and 8.

A. They have an 8 which is the metal retainer and 7 is the rubber.

Q. All right, now, which was thicker?

A. The 7 is thicker.

Q. Is that the way you made Exhibit AI?

A. That is the way. I was confused with the drawing before.

Mr. Miller: That is all. [1018]

Mr. Fulwider: No more questions.

Mr. Miller: I will call Mr. Wolfe under Section 43(b).

Mr. Lee: Mr. Smith?

Mr. Miller: Mr. Smith. I beg your pardon.

PAUL SMITH

called as a witness herein by the defendants, having been previously duly sworn, testified as follows:

Direct Examination

Q. (By Mr. Miller): Are you acquainted with Dyna-Seals, Mr. Smith?

A. I have seen a few of them, yes.

Q. And how long ago have you seen them?

A. Several years. I don't know exactly. Two or three.

Q. Do you recognize this exhibit AG as being samples of Dyna-Seals?

A. (The witness examines said exhibit.) They

(Testimony of Paul Smith.)

are not the same as the ones I have seen previously, no.

Q. What is the difference, if any?

A. The internal recess in the rubber forming two little lips instead of a flat surface as this appears to be. I just looked at the big one.

(The witness further examines said exhibit.)

I would not recognize this as the Dyna-Seal from what I have [1019] known previously.

Q. Are you acquainted with these Dowty Seals?

There is a brochure we had this morning. They were Plaintiffs' Exhibits, unoffered as yet.

A. I would not recognize these as Dyna-Seals, compared to what I have seen previously, primarily from the advertising art. [1020]

The Court: I think the last question was, are you familiar with the Dowty seal?

The Witness: I am sorry. Yes, I believe they are the same. That is my only association.

Q. (By Mr. Miller): The Dynaseal and the Dowty seal are both the same?

A. That is my impression.

Q. I show you Plaintiffs' Exhibit 33 for identification and ask you whether or not you recognize that as being a brochure of the Dowty seal.

A. It says so. I have never seen it before. Does that answer your question?

Q. You have never seen the brochure before?

A. That's right, not the brochure.

Q. Have you seen brochures of the Dowty seal similar to that?

(Testimony of Paul Smith.)

A. I have never seen a brochure of the Dowty seal, no.

Q. I show you the diagram in the lower left-hand corner of the second page of this exhibit. Does that show the nature of the construction of the Dowty seal that you are familiar with?

A. I don't know that I have ever seen a Dowty seal.

Q. Would that illustrate the type of construction of Dynaseal that you saw?

A. Roughly, yes. [1021]

Mr. Miller: I will offer the exhibit as illustrative of the witness' testimony.

Mr. Fulwider: To illustrate the testimony?

Mr. Miller: Yes.

The Court: It may be received in evidence. Has it been marked?

Mr. Miller: Not yet.

The Clerk: It will have to take a defendants' number now since they are offering it.

Mr. Miller: It was Exhibit 33.

The Clerk: It will have to become your number now. Defendants' Exhibit AK.

(The exhibit referred to was received in evidence and marked as Defendants' Exhibit AK).

[See Book of Exhibits.]

Q. (By Mr. Miller): I show you Exhibit 15. You recognize this exhibit, do you? A. Yes.

Q. Were those exhibits as they stand now distributed to the trade?

(Testimony of Paul Smith.)

Mr. Fulwider: There is quite a number of pages in there.

The Witness: Some of them weren't, some of them were.

Q. (By Mr. Miller): Can you tell me which ones were distributed to the trade? [1022]

A. I would say those that are printed by printers were distributed. Those that are blueprints may or may not have been distributed. Some of the dividers were not distributed, or the case.

Q. The case wasn't. Do you recall when those were distributed to the trade, that is, these printed pages that form part of Exhibit 15?

A. No, I couldn't say. Some of these are quite old. I would have no recollection unless the date is on them.

Q. Would you know whether or not they were distributed to the trade prior to the time this lawsuit was started or the complaint filed?

A. This page marked with a red X, I am sure it was distributed long before that, because we had changed the name to Stat-O-Seal long before the lawsuit.

Q. How about these other pages on Lock-O-Seal, Gask-O-Seal, Termin-O-Seal?

A. There is nothing on these to refresh my memory. I can't say. There has been no change that I can recall that places any date.

Q. Were copies of Exhibit 1 distributed to the trade during the year 1949 and 1950?

A. Not to my knowledge, not after I went to

(Testimony of Paul Smith.)

work there. They may have been beforehand, I can't say.

Q. When you started to work there at Franklin C. Wolfe [1023] Company, that was when?

A. The latter part of 1949.

Q. At that time how were your customers ordering the seals that they wanted? What did they use to order from?

A. Part numbers had been designated for the parts. Similar sheets with possibly changes in dimensions or tolerances were made up. I believe the first ones I saw had Industrial Specialties yet. Then we made our own, similar to this in nature—Roto printing I guess you call it.

Q. You didn't take Exhibit 1 and just copy the dimensions across and get out a data sheet that was distributed to the trade?

A. No, we didn't. There were sizes on here that we didn't want to market, that weren't popular, we didn't want to be obligated to make, and there were dimensional changes or tolerance changes about that time. That was basically a manufacturing print, as we considered it.

Q. Do you know when the current catalog of Franklin C. Wolfe Company was published, Exhibit 109?

A. There is nothing here to indicate it. We didn't publish this as a catalog. We might add a new item and put it in at any time or change one. We might buy 5,000 of these and 300 of these and change as they went along. It doesn't come to us as

(Testimony of Paul Smith.)

a bound catalog. Our salesmen put them together on demand. [1024]

Q. Were some of these sheets, to your knowledge, printed up and published since this lawsuit was started?

A. I don't remember when this lawsuit was started.

Mr. Fulwider: That's a good question. I am not sure exactly when we started, either.

Q. (By Mr. Miller): I thought possibly that would stand out in your memory better than anything else. A. No, I can't say.

Q. You wouldn't be able to pinpoint the date of publication of any of the pages in this catalog, is that it?

A. No. The only dates shown in printing on here are changed. If we buy another thousand, they change the copyright date and the printing date. I don't know when the first issue of this page may be without changes.

Q. In the case of this particular page on Lock-O-Seal, there is a date up here on top 8/1/54. Is that the printing date?

A. That is the date that the advertising man sent this out to the printer approximately, yes, but it may be just reprinting and they would change the date when they reprint. That is what leaves me fouled up.

Q. I show you Exhibit 87. From a visual inspection of this exhibit, can you tell me what was the original shape of the rubber ring in that exhibit?

(Testimony of Paul Smith.)

A. No. [1025]

Mr. Miller: That's all. Thank you.

Mr. Fulwider: No questions.

(Witness excused.)

Mr. Miller: I believe, Mr. Fulwider, you are going to stipulate that Wolfe——

Mr. Fulwider: You can put the Wolfe deposition in, if you want.

Mr. Miller: ——testified at page 40 of his deposition.

“Q. Referring back to Exhibit 13, I notice you have on this label the designation Lock-O-Seal, Gask-O-Seal, Stat-O-Seal, Bolt-O-Seal, Valv-O-Seal, Riv-O-Seal, Termin-O-Seal, Strip-O-Seal, Banjo-seal. Did you ever use the trademark Duo-Seal? “A. Not to my knowledge.”

Mr. Fulwider: We so stipulate.

Mr. Miller: And if he were now called, he would testify the same way?

Mr. Fulwider: Yes. [1026]

Mr. Miller: Now, if the Court please, in the interests of saving time, I would like to avoid calling an expert to go through the prior art that has been placed here. There are a few cases to the effect that if we don't have an expert to explain the prior patents, that the Court should ignore them.

In this case, I think that the Court is perfectly capable of reading and evaluating the patents that are in that book, and the point is that I am perfectly willing to submit those patents without an

expert's testimony, but I don't want to be penalized for not having an expert, and in the interests of saving time, I would like to submit them without an expert explanation.

To convenience the Court, I might state the patents that I am principally relying on in that book are the British Patent, the two Hart Patents, the Seligman Patent, and the Dowty Patent.

The Court: Well, Mr. Miller, I have read a good many patents, and I am very doubtful if I could read a patent and get out of it the same as you can or the same as an expert can. You can tell me their words and you think that they mean a different thing.

Now, I don't know whether I can find a distinction or not.

Now, for instance, I hoped some expert, that you would [1027] call on an expert, that I could ask him to tell me what is the difference between Claim 1 and Claim 2 of the patent in suit. I have been looking at Claim 1 and Claim 2——

Mr. Miller: Claim 2 specifies——

The Court: And if I had to make a ruling as to Claim 1 and Claim 2, I would say that they call for the same thing by using a few different words; I don't see any difference between Claim 1 and Claim 2. Mr. Fulwider says that they agree that Claim 2 has not been infringed. Now, if Claim 2 has not been infringed and if it is the same as Claim 1, then, Claim 1 has not been infringed.

Mr. Fulwider: No. That is not our position, Judge.

The Court: You said awhile ago that you don't claim that Claim 2 is infringed.

Mr. Fulwider: That is right.

Mr. Miller: Claim 2 has one limitation. Against the side or top of the Lock-O-Seal there is an additional washer.

The Court: That is why I say I don't know whether I am capable of reading these patents, because I can't find the limitation. I have gone over it and gone over it and as far as I am concerned, they mean one and the same thing, so you are taking a chance when you ask me to read these patents and come to my own conclusion.

Mr. Miller: Well, I can't produce an expert here today on this, and that being the case, I will just have to ask [1028] for a continuance.

The Court: Well, is that your last witness?

Mr. Miller: Yes.

The Court: You just have one expert, is that your last witness?

Mr. Miller: This is my last witness, except for the expert. Now, I could point out these things I believe to you. In other words, actually, I have always regarded a patent expert here really somewhat as a foil for the attorney, to answer back almost what the attorney wants him to say in reference to the prior art, or merely as a vehicle for letting the attorney emphasize what he finds in these patents.

The Court: Well, I might say to both sides that I am going to take this under submission and I expect each of you to file some briefs as to what you think the evidence discloses.

Mr. Miller: Well, I think I could point it out very well in the brief, without the testimony of an expert.

The Court: Of course, the prior patents are in and you can point it out in a brief and I can look at it. I won't say that I will agree with your interpretation.

Mr. Miller: Well, I will have to take my chances on that, and as a matter of fact, usually I think that is what happens when we are up before the Circuit. [1029]

The Court: Of course, if you brought an expert here, I would not necessarily take his opinion, I might disagree with him.

Mr. Miller: That is true. So, in the final analysis, I think we come back to what the prior art patents actually show and say.

The Court: Well, one of the things I am particularly interested in in this case is the claim that is made. In Claim 1 it says a "doughnut shaped ring" and in Claim 2 it is a circular cross section. And evidently these claims, this patent is based upon the theory that the rubber ring had to be round in contour and round in cross section, and I think I asked several questions, what difference would it make, whether it was round or rectangular. And the witnesses for the plaintiffs say the round one is the one that works, that the others don't work. Now, this Dowty Patent that you just introduced upon that was brought to the attention of the witness, against the patent here, and the patent claim says, "trapezoidal cross section", and the dia-

gram indicates, that is, the diagram in the Exhibit AK indicates the rubber ring and instead of being a square rubber ring, it appears to have part of it hollowed out. In other words, there is a reverse circle, part of it is a reverse circle, the circle going the other way.

Mr. Miller: That would seem to be another design, [1030] again, that is in that brochure.

The Court: And then I saw a diagram here that indicates——

Mr. Fulwider: Well, I think I ought to call your Honor's attention to the fact that there is no evidence of that Dowty brochure being prior art in the case, as far as I know.

The Court: That is right, it isn't. It isn't, and of course, the patent was filed in 1945.

Mr. Miller: That has an effective filing date, though, as of May 3, 1944.

Mr. Fulwider: We differ on that; that is one of the bases for our contention that the Dowty Patent is not prior art either and not properly admissible.

The Court: Well, you look at page 3 of the brochure which shows a cut out ring, and the rubber in that ring is certainly not square. It is wider on the inside than it is at the place where it is bonded to the metal. In fact, what is done, I think, is probably taking two right angled triangles there—well, it wouldn't be two right angled triangles at all—it certainly isn't a round ring, and it isn't a triangular ring. It is an angular ring in which the inner side of the rubber is much wider than the outer side, the side that is connected with the ring.

So, I don't know. Maybe the patent in suit depends [1031] upon the fact that you have a doughnut shaped ring and if you have a doughnut shaped ring—O rings have been used from time immemorial and an O ring certainly is a doughnut shaped ring, as far as I am concerned.

Mr. Fulwider: That is right.

The Court: I don't know the difference between an O ring and a doughnut shaped ring.

• Mr. Fulwider: Certainly an O ring is doughnut shaped.

The Court: So I think you ought to have an expert here.

Mr. Miller: Well, I will have to ask for a continuance, then.

The Court: Well, I expected this case to go over until one day next week. I have one day next week I can hear you on.

Mr. Miller: I don't want this on the record:

(Discussion off the record.)

Mr. Miller: Possibly I could adjust to it. What day is available next week?

The Court: Well, Mr. Miller, I am not an expert in patent law. Now, I assume that you are.

Mr. Miller: Thank you for the kind compliment.

The Court: But when I come to read patents, it is like reading Greek, I got to have somebody explain to me and point out the things that are important. [1032]

Now, for instance, you say there is something different, you claim there is something different be-

tween Claim 1 and Claim 2, and if I were writing an opinion in this case, I don't know whether I would find any distinction between Claim 1 and Claim 2. There may be one, but I just can't see it.

Mr. Fulwider: Claim 2 has one additional element. It is directed specifically to Figure 4 of the drawing and includes the standard washer shown in that drawing.

Line 3 of Claim 2, which is line 24 on page 3 of the patent here, where the claim starts, you will notice the claim says, "a head and a shank, a standard washer having a central opening"——

Now, Claim 1 doesn't have that standard washer, and because they do not sell the standard washer with the O ring, technically, they don't infringe, so we did not sue on that. We sued only on 1, which they clearly infringe. That is the only difference, I believe, except they use the words "circular cross section" rather than the word "doughnut", which is rather broad.

The Court: Are you willing to admit as far as the Dowty Patent is concerned, that that is a one-piece unit and that the rubber ring is cemented or annealed or vulcanized to the metal ring?

Mr. Fulwider: The Dowty Patent? [1033]

The Court: Yes.

Mr. Fulwider: I believe that is correct, your Honor. That rubber ring is fastened, I forget just how, to the metal ring.

The Court: But it is one-piece, it is a one-piece ring.

Mr. Fulwider: Yes, that is right.

Mr. Lee: Your Honor, it is not in our opinion prior art in this case. [1034]

The Court: I don't know whether it is or not. That is something that I would like to have explained to me, whether it is prior art or not.

Mr. Fulwider: Our position is, first, it isn't prior art and, secondly, if it is prior art, it isn't material, that is to say, it does not anticipate the patent in suit.

The Court: Are you insisting Mr. Miller call an expert of his own, or don't you care?

Mr. Fulwider: No, your Honor. As I mentioned to him at lunch, I am aware of the same cases he mentioned. There aren't many. We certainly would not urge that as a ground that the court should ignore the art. We are perfectly willing to let the court handle it any way it wishes. [1035]

* * * * *

The Court: All right. It may be received in evidence.

Mr. Miller: Thank you, Mr. Fulwider.

The Clerk: AF, AF-1 and AF-2.

(The exhibits referred to were received in evidence and marked Defendants' Exhibits AF, AF-1 and AF-2.) [1037]

[See Exhibit AF at page 789.]

* * * * *

PAUL F. SMITH

recalled as a witness by and on behalf of the plaintiffs in rebuttal, having been previously duly sworn, was examined and testified further as follows:

* * * * *

Direct Examination

Q. (By Mr. Fulwider): Calling your attention, Mr. Smith, to Exhibit 111, which is titled Employee's Work Record for Joseph Francis Nenzell, and to the two small withholding slips attached to it, one dated January 2, 1952, and one dated September 17, 1951, first, are you familiar with those documents? A. Yes.

Q. Can you tell me whether or not this is Mr. Nenzell's [1038] signature on the two withholding slips? A. Yes, I recognize that.

Q. Referring to the first page, does that tell when Mr. Nenzell first became employed by the Wolfe Company?

A. It shows that he was employed by them the 9th month, 15th day, 1951, or previously. I don't believe these records were kept individually before that time. I believe he was working here before that time for several months.

Q. At least this Exhibit 111 indicates he was employed with the Wolfe Company on September 15, 1951, and that on September 17, 1951, he made out and delivered to the Wolfe Company a government withholding slip, is that correct?

A. Yes.

Mr. Fulwider: I offer these in evidence, your Honor.

(Testimony of Paul F. Smith.)

The Court: They may be received in evidence.

The Clerk: Exhibit 111.

(The exhibit referred to was received in evidence and marked as Plaintiffs' Exhibit No. 111.)

[See Book of Exhibits.]

Q. (By Mr. Fulwider): Calling your attention, Mr. Smith, to Exhibit 112, which is titled A Lease Between the Dayton Co. Realty Company and Franklin C. Wolfe Company, dated 29th day of September 1951, can you tell me what property that covers? Are you familiar with that document, first?

A. Yes. [1039]

Q. Is that the lease between the Wolfe Company and the lessor named therein on the Eastham plant that the Wolfe Company formerly occupied?

A. Yes. This covers the plant on Eastham Avenue in Culver City, California.

Q. Having the date of that lease in mind, will you tell the court when you moved into the plant on Eastham Avenue or Boulevard?

A. As I recall it, immediately after October 1, and during October we moved completely into the new premises.

Q. That is the year 1951? A. 1951, yes.

Q. Did you start paying rent on October 1, as the lease says? A. I think we did.

Mr. Fulwider: I offer that in evidence, your Honor.

The Court: It may be received in evidence.

The Clerk: Exhibit 112.

(Testimony of Paul F. Smith.)

(The exhibit referred to was received in evidence and marked as Defendants' Exhibit 112.)

[See page 783.]

Q. (By Mr. Fulwider): Mr. Smith, did you ever have a conversation with Mr. Kerley in which he showed to you a one-piece seal made substantially as the Duo-Seal is made today?

A. No. [1040]

Mr. Fulwider: That's all, your Honor.

The Court: Any questions?

Mr. Miller: A few.

Cross Examination

Q. (By Mr. Miller): Did Mr. Kerley ever show you any kind of a seal other than the Lock-O-Seal?

A. Yes, all kinds of seals.

Q. Did he show you a seal in the early part of 1952?

A. A seal? That is extremely broad. We sold lots of devices for them that were seals.

Q. Did he show you a one-piece seal in the early part of 1952?

A. Not a one-piece fastener seal, no, sir.

Q. Not one?

A. A one-piece fastener seal, such as the Duo-Seal, Lock-O-Seal, Stat-O-Seal.

Q. He did not show you one in the early part of 1952? A. No, sir.

Q. With reference to the Eastham Street building and the Mississippi Street building, how long did it take you to move from the Mississippi Street building to the Eastham Street building?

(Testimony of Paul F. Smith.)

A. Six or eight hours. [1041]

Q. Do you recall when that was done?

A. Not to the exact day, no, sir.

Q. Did you vacate the Mississippi Street building during the month of October 1951?

A. Yes.

Q. All of your equipment was taken out of the Mississippi Street building and moved to the Eastham Street building during October, and you never went back to the Mississippi Street building?

Mr. Fulwider: Now, he did not testify he never went back to it.

The Court: You mean never reoccupied it as a shop or as a location?

Mr. Miller: Well, maybe my question is too compound.

Q. Do I understand that all of the equipment that you had in the Mississippi Street building was moved from the Mississippi Street building to the Eastham Street building some time during October?

A. I believe it is October.

Q. It would at least all be gone by November?

A. I can't be positive that we moved on the first day of October and occupied the new premises on the first day of October. It may have been on the first day of November. That I cannot be positive. I know we were in the building and celebrated [1042] Christmas there, unwrapped some nice bicycles and things. That is very clear. The actual day we moved is only refreshed by the lease.

Q. You celebrated Christmas at which building?

(Testimony of Paul F. Smith.)

A. Eastham Avenue in Culver City.

Q. You did not celebrate Christmas at the Mississippi Street building?

A. Not at the end of 1951. We did in 1950.

Q. I am not talking about that.

A. That is very clear in my mind.

Q. Did Mr. Karres attend your Christmas party there in 1951?

A. I don't remember that there was a Christmas party. I don't remember that he was there.

Q. What did you mean, you celebrated Christmas in the Eastham Street building?

A. The thing that is very distinct to me is helping unwrap a couple of bicycles Mr. Hagmann bought for his children and had delivered there to keep them secret, and several of us were having fun riding them up and down the aisles on a Saturday afternoon. That is why it is fresh in my mind that we celebrated Christmas in that building.

Q. Did you also have a Christmas party at the Mississippi Street building?

A. It hasn't been our policy to have Christmas parties. [1043] It has been against company policy since I have been there.

The Court: Answer the question. Did you or didn't you?

The Witness: No, sir.

Q. (By Mr. Miller): Now, when you employed Mr. Nenzell, was he constantly at your place of business or was he doing work on the outside and coming in and submitting these drawings?

(Testimony of Paul F. Smith.)

A. He came over as a full-time employee when he first came to work there.

Q. At the Mississippi Street address?

A. Yes, sir.

Q. What part of the building did you assign to him?

A. He worked out in the laboratory with a drawing board.

Q. Did you have a laboratory in the Mississippi Street building? A. Yes, sir.

Q. How large a laboratory was that?

A. Pretty small.

Q. Where was it located from the entrance to the building?

A. The rear right-hand corner of the building in a separate enclosure, eight feet high.

Q. Then you couldn't see whether Mr. Nenzell was there [1044] or not if you were just going in and out of the entrance as a salesman?

A. Not if he was——

Mr. Fulwider: I object to that as a conclusion, your Honor.

The Court: Sustained. It is purely asking for a conclusion as to whether he had seen him or not.

Q. (By Mr. Miller): Is Mr. Nenzell now in your employ? A. No, sir.

Q. Do you know who he is employed by?

A. The Mathewson Corporation.

Q. Is there a relationship between the Mathewson Corporation and Franklin C. Wolfe Company?

A. They are a subcontractor.

Q. Is the Mathewson a subsidiary of the Frank-

(Testimony of Paul F. Smith.)

lin C. Wolfe Company? A. No, sir.

Q. Does Franklin C. Wolfe Company own any substantial portion of the stock in that company?

A. Franklin C. Wolfe Company owns none of the stock in that company.

Q. Mr. Nenzell is available here in this part of the country? A. Yes, I believe so.

The Court: Now, what are you going into that for, [1045] because you are going to clean up this case this afternoon?

Mr. Miller: I am trying to.

The Court: Of course, if you are going to bring him back, you can come back here next Wednesday.

Mr. Miller: That's all.

* * * * *

PAUL A. KARRES

called as a witness by the defendants in surrebuttal, having been previously duly sworn, was examined and testified further as follows:

* * * * *

Direct Examination

Q. (By Mr. Miller): Mr. Karres, did you attend a Christmas party at Christmas of 1951?

A. Yes, I did.

Q. And what Christmas party did you attend?

A. Franklin C. Wolfe Company on Mississippi Avenue. Mr. Elem came and got me at the factory.

Q. Was the building empty of equipment at the time you went over there to the Christmas party?

A. No, sir. [1047]

* * * * *

[Endorsed]: Filed December 3, 1957.

PLAINTIFFS' EXHIBIT No. 2

(Copy)

June 1, 1949

Rubber Teck, Inc.
19115 So. Hamilton Ave.
Gardena, Calif.
Attention: Joe Kerley

Dear Joe:

I am enclosing a copy of Rohr Report No. 347-D, the latest 200 Series Lock-O-Seal specifications.

You will notice that certain dimensions have been changed on the O-rings and retainers for Lock-O-Seals No. 4 through No. 10.

This is as a result of the further experimental work that Bert Gross has been doing in connection with facilitating the production of retainers, etc.

Please look this over casually and let us know what will be involved in the way of new tooling and molds to change over to these new dimensions.

Since we have quite a quantity of engineering bulletins on hand for the Series 200 AC and 200 I Lock-O-Seals we, of course, would like to delay introducing new sizes until we both are in a better position to change over.

Yours very truly,

THE FRANKLIN C. WOLFE
COMPANY,

F. C. Wolfe.

FCW:mlsEncl: 1

PLAINTIFFS' EXHIBIT No. 6

Rohr Aircraft Corporation

(Copy)

April 24, 1950

Mr. Joe Kerley
Rubber-Tech, Inc.
19115 So. Hamilton St.
Gardena, Calif.

Dear Joe:

It appears that Wright Field has experienced some trouble with type #1 fuel with RT-1007 after aging. You will note in enclosed report E-88-1 that RT-1007 had a volume change of +2.26. The old requirement of 6% plus or minus 2% indicates the need for a tight fit which apparently depended on swelling of the material. Giving the material .003 more initially should do a lot to pass this test at Wright Field.

Yours very truly,

ROHR AIRCRAFT CORP.,

Bernard Gross,

Director of Laboratories.

Note: We found Parker had a 4.69 volume change.

PLAINTIFFS' EXHIBIT No. 11

(Copy)

November 20, 1953

Fletcher Aviation Corporation

190 Colorado Blvd.

Pasadena 1, California

Attention: Mr. Paul Reischauer, Engineering
Dept.

Subject: Rubber Teck Duo-Seals

Gentlemen:

As you know from your conversations with Mr. Kerley, we are now in the position to offer Duo-Seals in the very near future. Duo-Seals are a combination of a rubber "O" ring bonded to a steel washer, and are offered in two different rubber compounds. Our part number 2230 with dash numbers in increments of 1/16 of an inch, from —3 to —6 (3/16" to 3/8" I.D.) are formed of rubber conforming to specification MIL-P-5315. Our drawing 2231 with the same dash number designations contains rubber to the specification MIL-R-6855, Class I, Grade 60.

Prices for these parts are as follows:

2230—3	(3/16" I.D.)	\$6.50 per 100
2230—4	(1/4" I.D.)	6.50 per 100
2230—5	(5/16" I.D.)	7.00 per 100
2230—6	(3/8" I.D.)	7.50 per 100
2231—3	(3/16" I.D.)	6.00 per 100
2231—4	(1/4" I.D.)	6.00 per 100
2231—5	(5/16" I.D.)	6.50 per 100
2231—6	(3/8" I.D.)	7.00 per 100

Plaintiffs Exhibit No. 11—(Continued)

These prices are subject to the following discounts:

1 thru	1,000—Net
1,000 thru	5,000—20%
5,000 thru	25,000—30%
25,000 thru	50,000—40%
50,000 thru	100,000—45%
100,000 up	—50%

We are enclosing a few of the 2230-5 Duo-Seals for your inspection. We are also enclosing six copies of a price list of various types of "O" rings which can be supplied by Rubber Teck for your production usage. The sizes as given, are nominal. Actual dimensions are those as shown on AN Standard Sheet AN934.

Very truly yours,

RUBBER TECK, INC.,

Geo. R. Aldrich,

Chief Engineer.

GRA:bl Encls.

PLAINTIFFS' EXHIBIT No. 13

[Headquarters: Wright Air Development Center,
Wright-Patterson Air Force Base, Ohio.]

In reply address both communications and envelope to Commander, Wright Air Development Center, Attention Following Office Symbol: WCLPI-4.

March 11, 1954

Subject: Approval of Duo-Seals

Plaintiffs' Exhibit No. 13—(Continued)

To: Rubber Teck Sales and Service Company
8479 Higuera Street
Culver City, California

1. Reference is made to your letter dated 16 February 1954.

2. Rohr Laboratory Reports 182, 192 and 192-1 enclosed with the above referenced letter have been reviewed and found acceptable; however, testing will be necessary to prove out the Duo-Seal in its intended usage on drop tanks.

3. It is recommended that Rubber Teck perform the following test and forward the results to this Center:

a. Soak Duo-Seals in fuel conforming to Specification MIL-H-3136, Type III, at a temperature of 120 plus or minus 5 degrees Fahrenheit for a period of 300 hours.

b. Remove Duo-Seals from fuel soak and place in an oven at 158 plus or minus 5 degrees Fahrenheit for a period of 150 hours.

c. (1) Remove Duo-Seals and place on standard AN bolts. These bolts will be placed through bolt holes on a pressure test fixture and attached by means of AN nuts on the inside of the fixture.

(2) The bolts will be located so that the AN nuts will be completely covered by the test fuel.

(3) The test fixture shall be filled with fuel conforming to Specification MIL-H-3136, Type I.

(4) The test fixture shall then be pressurized to 20 psig and held at that pressure for 2 minutes.

Plaintiffs' Exhibit No. 13—(Continued)

(5) There shall be no evidence of leakage past the bolt head. This leakage test will be conducted at minus 65 degrees Fahrenheit.

4. The above test should be conducted with various sizes of Duo-Seals. Upon satisfactory completion of this test, Installation Approval will be granted for usage of Duo-Seals on external jettisonable fuel tanks.

For the Commander:

/s/ R. H. RETZ,

Ass't Chief, Installation Branch,
Power Plant Laboratory.

(Stamped): Rec'd Mar 15 1954.

PLAINTIFFS' EXHIBIT No. 17

MANUFACTURING LICENSE AGREEMENT

This agreement made at Beverly Hills, California this 29th day of November, 1948 between The Franklin C. Wolfe Company having its place of business at Beverly Hills, California, hereinafter referred to as Licensor, and J. Kerley, having his principal place of business in Gardena, California hereinafter referred to as Licensee.

Witnesseth:

Whereas Licensor is the Franchised manufacturer and distributor of "Sealing Devices" known as Lock O Seal covered by United States Patent Number 2,396,005, and,

Whereas Licensee is desirous of obtaining an

Plaintiffs' Exhibit No. 17—(Continued)
exclusive license to manufacture said Sealing Devices for Licensor,

Now Therefore in consideration of the premises and of the mutual agreements as herein set forth, the parties agree as follows:

1. Subject to the due performance by Licensee of all terms and conditions of this agreement, Licensor by these presents does give and grant to Licensee for a term of five (5) years from date hereof, unless terminated as hereinafter provided, an exclusive and non-assignable license to manufacture said Sealing Devices.

2. In the manufacture of Sealing Devices hereunder, Licensee agrees to conform strictly with the specifications furnished by Licensor and agrees to use only the best materials and manufacturing methods. Licensee agrees not to contract for the manufacture of all or any component parts of said Sealing Devices hereunder without first securing consent of Licensor.

3. Licensee agrees to maintain an approved cost accounting system wherein all cost information pertaining to materials, labor, overhead, engineering, development and other particulars necessary to show the manufacturing costs of said Sealing Devices, will be shown, and shall permit designated representatives of Licensor to have free access to said records at all reasonable times to inspect and make copies of said books of account.

Plaintiffs' Exhibit No. 17—(Continued)

4. The cost of the finished products hereunder to the Licensor shall be determined and approved by mutual agreement between Licensee and Licensor and shall be arrived at by the addition of a reasonable profit to the total manufacturing costs.

5. Licensee further agrees that he will not manufacture Sealing Devices hereunder for any other individual or organization who may be franchised to manufacture and/or sell said product.

6. If Licensee shall become insolvent, or shall make an assignment for the benefit of creditors or proceedings in voluntary bankruptcy shall be instituted in behalf of or against Licensee or a receiver or trustee of Licensee's property shall be appointed, the License hereunder granted shall terminate forthwith.

Licensor may terminate this agreement upon thirty (30) days notice in writing to the Licensee whenever, in the opinion of Licensor, the Licensee shall fail to use due diligence, or expend the best efforts to maintain manufacturing proficiency and lowest manufacturing costs.

8. Further Licensor may terminate this agreement upon thirty (30) days notice in writing in the event the license agreement between Licensor and the owner of subject patent is terminated.

Upon cancellation of agreement between Licensor and Licensee for reason given in paragraph 8 here, all unpaid accounts due Licensee under this license

Plaintiffs' Exhibit No. 17—(Continued)
shall accrue and become immediately due and payable.

9. The Licensee hereby assumes entire responsibility and liability in and for any and all damages or injuries of any kind or nature whatsoever to all persons, whether employees or otherwise, and to all property growing out of or resulting from the manufacture of Sealing Devices covered by this license or occurring in connection therewith and agrees to indemnify and save harmless Licensor, its agents, servants and employees from and against any and all loss, expenses (including attorneys fees), damages or injuries grown out of or resultant from or occurring in connection with the execution by Licensee of any work performed in connection with the license herein granted, or occurring in connection with or resultant from use by Licensee, its agents or employees, of any material, tools, or other property of Licensor whether the same arise under the common law, or so-called workmen's compensation law or otherwise.

Licensee agrees to procure and maintain a policy of liability insurance in limits adequate to effectuate the agreements herein.

10. Any notice required by the terms of this agreement to be given by Licensee to Licensor shall be given by United States mail, addressed to the Licensor at Beverly Hills, California. Any notice required for the termination of this agreement to be given by United States mail, addressed to the

Plaintiffs' Exhibit No. 17—(Continued)

Licensee at 19115 South Hamilton Street, Gardena, California.

In Witness Whereof the parties hereto have set their hands as of the date first above written.

THE FRANKLIN C. WOLFE
COMPANY,

Licensors,

By

President-Owner

(Title)

.....

Joe P. Kerley,

Licensee.

Witness:

.....

Witness:

.....

PLAINTIFFS' EXHIBIT No. 21

[The Franklin C. Wolfe Company Inc., Beverly Hills, California, Bradshaw 2-3331, 407 Commercial Street.]

AGREEMENT

The Franklin C. Wolfe Company, Inc.
and Rubber Teck, Inc.

An exclusive sales representation shall be given The Franklin C. Wolfe Company, Inc. by Rubber Teck, Inc. for a period of 7 years from date of signing of this agreement.

Plaintiffs' Exhibit No. 21—(Continued)

In consideration of the premises and of the mutual agreements as herein set forth, the parties agree as follows:

1. The Franklin C. Wolfe Company, Inc. shall expend the maximum effort in the promotion and sales of products developed and manufactured by Rubber Teck, Inc.; such efforts shall include the necessary personal contacts, circularization of printed matter and use of advertising media.

2. The Franklin C. Wolfe Company, Inc. shall accomplish all invoicing and billing of all accounts except when by mutual agreement, certain accounts shall be handled by Rubber Teck, Inc.

3. The Franklin C. Wolfe Company, Inc. agrees that during the period of this agreement, no competitive line of product shall be handled by that organization except by written authority of Rubber Teck, Inc.

Rubber Teck, Inc. agrees to:

1. Use only the best materials and manufacturing methods in the manufacture of all products, and shall make every effort to maintain minimum costs and overhead, and:

(a) Shall assume responsibility for the replacement of/or refund on products that are rejected by the customer for valid reasons.

2. Maintain complete records of all sales made either direct or through The Franklin C. Wolfe Company, Inc. Such records of sales shall form the basis for remuneration to The Franklin C. Wolfe Company, Inc.

Plaintiffs' Exhibit No. 21—(Continued)

In the event quotations or sales are made direct to customers by Rubber Teck, Inc., information of such transactions shall be immediately brought to the attention of The Franklin C. Wolfe Company, Inc.

Since this agreement pertains only to the sale of Rubber Teck, Inc. products by The Franklin C. Wolfe Company, Inc., the latter shall assume no liabilities or responsibilities pertaining to the operation of Rubber Teck, Inc. as a corporation except as covered herein.

In consideration of the foregoing, The Franklin C. Wolfe Company, Inc. shall receive from Rubber Teck, Inc. the following remuneration for services rendered: 1. A minimum of 10% of gross dollar volume of sales of Rubber Teck, Inc. products plus an additional 2% for advertising media, literature, invoicing, accounting, etc., which additional percentage may be reduced or increased by mutual agreement, depending upon the volume of sales and continuing necessity for such media.

Further, Rubber Teck, Inc. agrees that all quotations to customers, either direct or through The Franklin C. Wolfe Company, Inc. shall include a 2% mark up, which percentage shall be passed on to the customer in the form of an allowable discount of that amount for all invoices paid within 10 days of invoicing. Terms of payment in all cases shall be on a 2% 10 Days, Net 30 Days basis.

It is further agreed that, upon the signing of this agreement, commissions on all sales by Rubber

Plaintiffs' Exhibit No. 21—(Continued)

Teck, Inc. from the date shown herein below shall be paid to The Franklin C. Wolfe Company, Inc. at the rate shown hereon with the exception of sales of products to Douglas Aircraft Company, Inc. upon which prices have been established prior to the signing of this agreement. Commission on such sales shall be paid at the rate of 5%; commissions on any new business obtained from Douglas Aircraft Company, Inc. shall be paid for at the same rate as other sales.

In the event of non-collectible or bad accounts, it is agreed that the actual cost of manufacturing of the products supplied the customer shall be borne one third by The Franklin C. Wolfe Company, Inc. and two thirds by Rubber Teck, Inc. Neither sales commission nor manufacturing profit shall be included in such costs.

In the event of cancellations on unshipped orders, sales commission shall be paid on only that part of the order that has been invoiced and paid. No commission will be paid on cancellation charges submitted by Rubber Teck, Inc.

If either party shall become insolvent, or shall make an assignment for the benefit of creditors, or proceedings in voluntary bankruptcy shall be instituted in behalf of or against either party or a receiver or trustee of either party's property shall be appointed, the agreement hereunder shall be terminated forthwith and neither party shall be held liable for debts, etc. of the other.

This agreement shall be terminated only by mutual agreement or by due process of law. Any un-

Plaintiffs' Exhibit No. 21—(Continued)

paid accounts to either party from the other shall accrue and become immediately due and payable.

It is mutually understood and agreed that this agreement in no way encompasses the sale or manufacture of the product Lock O Seal which subject is covered by a separate agreement dated 29 November, 1948.

Any notice required by the terms of this agreement to be given by Rubber Teck, Inc. to The Franklin C. Wolfe Company, Inc. shall be given by U. S. Mail, addressed to The Franklin C. Wolfe Company, Inc., 208 Commerce Building, 407 Commercial Center Street, Beverly Hills, California.

Any notice required by the terms of this agreement to be given by The Franklin C. Wolfe Company, Inc. to Rubber Teck, Inc. shall be given by U. S. Mail, addressed to Rubber Teck, Inc., 19115 South Hamilton Ave., Gardena, California.

Accepted for

THE FRANKLIN C. WOLFE
COMPANY, INC.,

/s/ By FOSTER M. HAGMANN,
Secretary,

/s/ FRANKLIN C. WOLFE,
President.

Accepted for

RUBBER TECK, INC.,

/s/ JOE KERLEY,
Secretary,

/s/ PAUL A. KARRES,
President.

Date: August 15, 1949.

PLAINTIFFS' EXHIBIT No. 90

License Agreement

This Agreement made at Chula Vista, California this 15th day of July, 1946 between Rohr Aircraft Corporation, a California Corporation, having its principal place of business in Chula Vista, California, hereinafter referred to as Licensor, and Howard D. Green and Henry S. Kyle, doing business as Green and Kyle, both residing in the city of Compton, California, hereinafter referred to as Licensee,

Witnesseth:

Whereas Licensor is the owner of Patent Number 2,396,005 covering Sealing Devices, and

Whereas Licensee is desirous of obtaining a non-exclusive and non-assignable license to manufacture and sell Sealing Devices coming within the scope of the claims of said patent, hereinafter referred to as Sealing Devices,

Now Therefore In Consideration of premises and of the mutual agreements hereinafter set forth, the parties agree as follows:

1. Subject to the due performance by Licensee of all the terms and conditions of this agreement, Licensor by these presents does give and grant to Licensee for the life of said Patent Number 2,396,005, unless terminated as hereinafter provided, a non-exclusive and non-assignable license to manufacture and sell Sealing Devices throughout the United States of America and its territorial possessions.

Plaintiffs' Exhibit No. 90—(Continued)

2. Licensee agrees to pay to Licensor its successors and assigns, a royalty of five per cent of the net amount when and as received for all Sealing Devices manufactured and sold by Licensee.

3. Licensee at his place of business shall keep full and accurate books of account containing all particulars necessary to show the amount payable to Licensor by way of royalty as aforesaid, and all such other matters pertinent to Licensee's operation under this Agreement and shall permit designated representatives of Licensor to have free access to said records at all reasonable times to inspect and make copies of said books of accounts.

4. Licensee within twenty days after the end of August, 1946 and each month thereafter shall furnish to Licensor a true and accurate report in writing, giving such particulars of the business conducted by Licensee during the preceding month as are pertinent to accounting under this license and simultaneously with the making of each report shall pay to Licensor the royalties shown to be due for the period covered by such report.

The rendering of any report and/or the payment of royalty known to be due shall not in any event bar or in any way operate as an estoppel to Licensor's rights to examination, inspection and audit as hereinbefore provided, or any rights or remedies of Licensor to any additional royalties that may be found to be due, all of which rights and remedies it is mutually understood and agreed shall survive

Plaintiff's Exhibit 90—(Continued)

and shall not be deemed to have been waived by any act or omission on the part of the Licensor.

5. Licensee acknowledges the validity of U. S. Patent Number 2,396,005 and agrees not to contest the same or be a party directly or indirectly in disputing the validity of said patent.

6. If Licensee shall at any time default in the payment of any royalty or in the making of any report hereunder or shall breach any of the terms or conditions herein contained and shall fail to remedy any such default or breach within fifteen days after written notice thereof from Licensor, the Licensor may, at its option, cancel this Agreement and revoke the license herein granted by notice in writing to such effect, but such act shall not prejudice any cause of action or claim of Licensor accrued or to accrue, on account of any breach or default made by Licensee.

7. If Licensee shall become insolvent, or shall make an assignment for the benefit of creditors, or proceedings in voluntary or involuntary bankruptcy shall be instituted in behalf of or against Licensee, or a receiver or trustee of Licensee's property shall be appointed, the license herein granted shall terminate forthwith, but the Licensor shall recover royalties due up to the time of such cancellation and in case of any such termination all right, title and interest in and to the license covered by this Agreement shall thereupon revert to and become vested in Licensor.

Plaintiffs' Exhibit No. 90—(Continued)

8. Failure to exercise any right or to terminate this Agreement in accordance with its terms shall not be deemed a waiver of the right to do so for persistence by the Licensee in a breach of continuing nature or for any subsequent breach.

9. Licensee or Licensor may surrender or terminate this license at any time upon thirty days notice in writing to the other party.

Upon any surrender, cancellation or termination of this license, all unpaid royalties under this license shall accrue and become immediately due and payable.

10. The Licensee hereby assumes entire responsibility and liability in and for any and all damages or injuries of any kind or nature whatsoever to all persons, whether employees or otherwise, and to all property growing out of or resulting from the use of Sealing Devices covered by this license or incurring in connection therewith and agrees to indemnify and save harmless Licensor its agents, servants and employees from and against any and all loss, expenses (including attorney's fees), damages or injuries, growing out of or resulting from or occurring in connection with execution by Licensee of any work performed in connection with the license herein granted, or occurring in connection with or resulting from the use by Licensee, its agents or employees, of any materials, tools, or other property of Licensor whether the same arise under the common law or any so called workmen's

Plaintiffs' Exhibit No. 90—(Continued)

compensation law or otherwise. Nothing herein contained is intended to obligate Licensee to save Licensor harmless as to claims of infringement of adversely held patents and/or all other acts or omissions by Licensor beyond the control of Licensee.

11. The term Licensee as used in this agreement shall mean either Howard D. Green or Henry S. Kyle, or both of them and a breach of any of the terms and conditions in this Agreement by either of them shall constitute a breach of this Agreement by Licensee.

12. Licensee specifically grants to Licensor the option and privilege to purchase any quantity of Sealing Devices at any time from Licensee at Licensee's normal manufacturing selling price. In such event the net amount received by Licensee from the sale of Sealing Devices to Licensor shall be subject to royalty payments under this Agreement.

13. This Agreement shall be binding upon and inure to the benefit of the successor or assigns of Licensor.

14. Any notice required by the terms of this Agreement to be given by Licensee to Licensor shall be given by United States mail, addressed to the Licensor at Chula Vista, California. Any notice required for the termination of this Agreement to be given by United States mail, addressed to the Licensee at 1121 East Rosecrans Street, Compton, California.

Plaintiffs' Exhibit No. 90—(Continued)

In Witness Whereof the parties hereto have set their hand as of the date first above written.

ROHR AIRCRAFT
CORPORATION.

/s/ By J. E. RHEIM,
Executive Vice President.

GREEN AND KYLE,
/s/ HOWARD D. GREEN,
/s/ HENRY S. KYLE.

State of California,
County of San Diego—ss.

On this 16th day of July, 1946, before me, S. W. Shepard, a Notary Public in and for said County and State, personally appeared J. E. Rheim, known to me to be the Executive Vice President of Rohr Aircraft Corporation, and who acknowledged to me that he executed the foregoing instrument within the scope of his authority and on behalf of the Rohr Aircraft Corporation.

Witness my hand and official seal the day and the year in this certificate first above written.

/s/ S. W. SHEPARD,
Notary Public in and for said County and State.
My Commission expires August 12, 1947.

State of California,
County of Los Angeles—ss.

On this 19th day of July, 1946, before me the undersigned in and for said County and State,

Plaintiffs' Exhibit No. 90—(Continued)
personally appeared Howard D. Green and Henry S. Kyle, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same.

Witness my hand and official seal the day and the year in this certificate first above written.

/s/ (Illegible),

Notary Public in and for said County and State.

My Commission Expires Jan. 23, 1950.

PLAINTIFFS' EXHIBIT No. 91

License Agreement

This Agreement made at Chula Vista, California this 12th day of November, 1948, between Rohr Aircraft Corporation, a California Corporation, having its principal place of business at Chula Vista, California, hereinafter referred to as Licensor, and Franklin C. Wolfe, doing business as the Franklin C. Wolfe Company, having his principal place of business in Beverly Hills, California, hereinafter referred to as Licensee,

Witnesseth:

Whereas Licensor is the owner of United States Patent Number 2,396,005, covering certain devices known as and hereinafter referred to as "Sealing Devices", and,

Whereas Licensee is desirous of obtaining a non-exclusive and non-assignable license to make and

Plaintiffs' Exhibit No. 91—(Continued)

sell Sealing Devices coming within the scope of the claims of said patent,

Now Therefore in consideration of the premises and of the mutual agreements as hereinafter set forth, the parties agree as follows:

1. Subject to the due performance by Licensee of all terms and conditions of this Agreement, Licensor by these presents does give and grant to Licensee for a term of five (5) years from date hereof unless terminated as hereinafter provided, a non-exclusive and non-assignable license to manufacture and sell Sealing Devices.

2. In the manufacture of Sealing Devices hereunder, Licensee agrees to conform strictly with the specifications furnished by Licensor and agrees to use only the best of materials and manufacturing methods. In the sale of Sealing Devices hereunder, Licensee agrees to use only legitimate and generally accepted sales techniques. Licensee agrees not to contract for or sublicense the manufacture of Sealing Devices hereunder without first securing consent of Licensor.

3. Licensee agrees to pay to Licensor, its successors and assigns, a royalty of five (5) per cent of the net amount of the normal manufacturing selling price when and as received from the sale of all Sealing Devices manufactured by Licensee.

4. Licensee at his place of business shall keep full and accurate books of account containing all

Plaintiffs' Exhibit No. 91—(Continued)

particulars necessary to show the amount payable to Licensor by way of royalty as aforesaid, and all such other matters pertinent to Licensee's operation under this agreement and shall permit designated representatives of Licensor to have free access to said records at all reasonable times to inspect and make copies of said books of account.

5. Licensee within twenty days after the first of the month following the execution of this agreement and not later than the twentieth day of each month thereafter shall furnish to Licensor a true and accurate report in writing, giving such particulars of the business conducted by Licensee during the preceding month as are pertinent to accounting under this license and simultaneously with the making of each report shall pay to Licensor the royalties shown to be due for the period covered by such report.

The rendering of any report and/or the payment of royalty known to be due shall not in any event bar or in any way operate as an estoppel to Licensor's right to examination, inspection and audit as hereinbefore provided, or any rights or remedies of Licensor to any additional royalties that may be found to be due, all of which rights and remedies it is mutually understood and agreed shall survive and shall not be deemed to have been waived by any act or omission on the part of the Licensor.

6. Licensee acknowledges the validity of United

Plaintiffs' Exhibit No. 91—(Continued)

States Patent Number 2,396,005 and agrees not to contest the same or be a party directly or indirectly in disputing the validity of said patent.

7. If Licensee shall at any time default in the payment of any royalty or in the making of any report hereunder or shall breach any of the terms or conditions herein contained, and shall fail to remedy any such default or breach within fifteen days after written notice thereof from Licensor, the Licensor may, at its option, cancel this Agreement and revoke the License herein granted by notice in writing to such effect, but such act shall not prejudice any cause of action or claim of Licensor accrued or to accrue, on account of any breach or default made by Licensee.

8. If Licensee shall become insolvent, or shall make an assignment for the benefit of creditors, or proceedings in voluntary or involuntary bankruptcy shall be instituted in behalf of or against Licensee, or a receiver or trustee of Licensee's property shall be appointed, the license herein granted shall terminate forthwith, but the Licensor shall recover royalties due up to the time of such cancellation and in case of any such termination, all right, title and interest in and to the license covered by this Agreement shall thereupon revert to and become vested in Licensor.

9. Failure to exercise any right or to terminate this Agreement in accordance with its terms shall not be deemed a waiver of the right to do so for

Plaintiffs' Exhibit No. 91—(Continued)

persistence by the Licensee in a breach of continuing nature or for any subsequent breach.

10. Licensor may terminate this license upon thirty (30) days' notice in writing to the Licensee whenever, in the opinion of Licensor, the Licensee or its representatives shall fail either to use due diligence or expend a reasonable effort in the exploitation, manufacture or sale of the Sealing Devices licensed herein.

11. Upon cancellation or termination of this license, all unpaid royalties under this license shall accrue and become immediately due and payable.

12. The Licensee hereby assumes entire responsibility and liability in and for any and all damages or injuries of any kind or nature whatsoever to all persons, whether employees or otherwise, and to all property growing out of or resulting from the use of Sealing Devices covered by this license or occurring in connection therewith and agrees to indemnify and save harmless Licensor, its agents, servants and employees from and against any and all loss, expenses (including attorney's fees), damages or injuries, growing out of or resulting from or occurring in connection with the execution by Licensee of any work performed in connection with the license herein granted, or occurring in connection with or resulting from the use by Licensee, its agents or employees, of any materials, tools, or other property of Licensor whether the same arise under the common law or any so-called workmen's

Plaintiffs' Exhibit No. 91—(Continued)

compensation law or otherwise. Licensee agrees to procure and maintain a policy of liability insurance in limits adequate to effectuate the agreements herein. Nothing herein contained is intended to obligate Licensee to save Licensor harmless as to claims of infringement of adversely held patents and/or all other acts or omissions by Licensor beyond the control of Licensee.

13. Licensee specifically grants to Licensor the option and privilege to purchase any quantity of Sealing Devices at any time from Licensee at Licensee's normal manufacturing selling prices. In such event the net amount received by Licensee from the sale of Sealing Devices to Licensor shall be subject to royalty payments under this Agreement.

14. Any notice required by the terms of this Agreement to be given by Licensee to Licensor shall be given by United States mail, addressed to the Licensor at Chula Vista, California. Any notice required for the termination of this Agreement to be given by United States mail, addressed to the Licensee at 407 Commercial Center Street, Beverly Hills, California.

It Witness Whereof the parties hereto have set their hands as of the date first above written.

ROHR AIRCRAFT
CORPORATION,

Licensor,

/s/ By FRED H. ROHR,
President.

Plaintiffs' Exhibit No. 91—(Continued)

/s/ FRANKLIN C. WOLFE,

Franklin C. Wolfe, doing business as Franklin C.
Wolfe Company, Licensee.

Witness:

/s/ S. W. SHEPARD.

Witness:

/s/ MARIAN L. SPARLING.

PLAINTIFFS' EXHIBIT No. 92

License Agreement

This Agreement made at Chula Vista, California this 25th day of July, 1950, between Rohr Aircraft Corporation, a California Corporation, having its principal place of business at Chula Vista, California, hereinafter referred to as Licensor, and The Franklin C. Wolfe Company, Inc., a California Corporation, having its principal place of business in Beverly Hills, California, hereinafter referred to as Licensee.

Witnesseth:

Whereas Licensor is the owner of United States Patent Number 2,396,005 covering certain devices known as "Sealing Devices", and

Whereas Licensee is desirous of obtaining an exclusive license to make and sell said Invention,

Now, Therefore in Consideration of the premises and of the mutual agreements as hereinafter set forth, the parties agree as follows:

1. The term "Invention" as used herein shall

Plaintiffs' Exhibit No. 92—(Continued)

mean Sealing Devices coming within the scope of the claims of the above patent.

2. Subject to the due performance by Licensee of all terms and conditions of this Agreement, Licensor by these presents does give and grant to Licensee for a term of ten (10) years from date hereof, unless terminated as hereinafter provided, an exclusive license to manufacture and sell the Invention. This license may not be assigned by Licensee except with the express written approval of Licensor.

3. In the manufacture of the Invention, Licensee agrees to conform strictly with the specifications furnished by Licensor and agrees to use only the best of materials and manufacturing methods. In the sale of the Invention, Licensee agrees to use only legitimate and generally accepted sales techniques. Licensee agrees not to contract for or sublicense the manufacture or sale of the Invention without first securing consent of Licensor.

4. Licensee agrees to pay to Licensor, its successors and assigns, a royalty of three per cent (3%) on all sales of the Invention. In no event shall annual royalties to be paid hereunder be less than the sum of \$1,500.00.

5. Licensee at his place of business shall keep full and accurate books of account containing all particulars necessary to show the amount payable to Licensor by way of royalty as aforesaid, and all such other matters pertinent to Licensee's opera-

Plaintiffs' Exhibit No. 92---(Continued)

tion under this Agreement and shall permit designated representatives of Licensor to have free access to said records at all reasonable times to inspect and make copies thereof.

On January 15, 1951 and annually thereafter, Licensee shall submit a report to Licensor showing the cost of Licensee of producing and selling products hereunder and the profit resulting therefrom for the previous calendar year. In preparing this report, Licensee shall exclude costs which are not recognized as an allowable cost of doing business on Government contracts as set forth and described in the "Contract Cost Principles of Armed Services Procurement Regulations". Immediately thereafter, Licensor and Licensee will negotiate promptly and in good faith to consider revising the rate of royalty to be paid Licensor hereunder to maintain a fair and reasonable rate of royalty under the circumstances applicable to the subject matter hereunder and business practice for the general type of product.

6. Licensee within twenty days after the first of the month following the execution of this Agreement and not later than the twentieth day of each month thereafter shall furnish to Licensor a true and accurate report in writing, giving such particulars of the business conducted by Licensee during the preceding month as are pertinent to accounting under this License and simultaneously with the making of each report shall pay to Licen-

Plaintiffs' Exhibit No. 92—(Continued)

sor the royalties shown to be due for the period covered by such report.

In the report to be filed by Licensee for the period ending July 31, 1951, Licensee shall pay the difference, if any, between the sum of royalties reported for the previous eleven months and the minimum annual royalty required by Paragraph 4 above.

The rendering of any report and/or the payment of royalty known to be due shall not in any event bar or in any way operate as an estoppel to Licensor's right to examination, inspection and audit as hereinbefore provided, or any rights or remedies of Licensor to any additional royalties that may be found to be due, all of which rights and remedies it is mutually understood and agreed shall survive and shall not be deemed to have been waived by any act or omission on the part of the Licensor.

7. In further consideration of the awarding of an exclusive License Agreement, Licensee agrees to institute an advertising program and to expend a reasonable sum thereon in the exploitation of the Invention.

8. Licensee acknowledges the validity of United States Patent Number 2,396,005 and agrees not to contest the same or be a party directly or indirectly in disputing the validity of said patent. Licensor believes said patent to be valid but does not warrant the same and therefore does not hold

Plaintiffs' Exhibit No. 92—(Continued)

Licensee harmless in the event of patent infringement claims.

9. If Licensee shall at any time default in the payment of any royalty or in the making of any report hereunder or shall breach any of the terms or conditions herein contained, and shall fail to remedy any such default or breach within fifteen days after written notice thereof from Licensor, or if the royalty earned, exclusive of annual minimum royalty, shall not equal at least \$2,500.00 in a twenty-four month period, the Licensor may, at its option, cancel this Agreement and revoke the License herein granted by notice in writing to such effect, but such act shall not prejudice any cause of action or claim of Licensor accrued or to accrue, on account of any breach or default made by Licensee.

10. If, during the term of this Agreement, Licensee becomes insolvent, or shall make an assignment for the benefit of creditors, or proceedings in voluntary or involuntary bankruptcy shall be instituted in behalf of or against Licensee, or a receiver or trustee of Licensee's property shall be appointed, the License granted herein shall terminate forthwith, but the Licensor shall recover royalties due up to the time of such cancellation and in case of any such termination, all right, title and interest in and to the License covered by this Agreement shall thereupon revert to and become vested in Licensor.

11. Licensor may terminate this License by

Plaintiffs' Exhibit No. 92—(Continued)

thirty (30) days notice by registered mail whenever the Licensee or its representatives, in the opinion of the Licensor, shall fail either to use due diligence or expend a reasonable effort in the exploitation, manufacture or sale of the Invention. In such event, should Licensee consider such action unjustified, he may within said thirty (30) days following the mailing of such notice, request in writing that the matter be submitted to arbitration. Each party thereupon shall appoint an arbitrator and the two so chosen shall elect a third and thereupon the three shall consider the dispute. Providing Licensee shall have complied with this paragraph by promptly appointing his arbitrator and provided further that the arbitrator so appointed by Licensee shall act with diligence, the termination of this License shall be suspended pending the final decision of the arbitrators. The decision of the arbitrators shall be in writing. In the event two of the arbitrators shall find Licensor's action to be unjustified, then the License shall continue in full force and effect. Nothing herein contained shall prevent or restrict Licensor from again proceeding to terminate this agreement, shall it feel justified in doing so.

12. Failure to exercise any right or to terminate this Agreement in accordance with its terms shall not be deemed a waiver of the right to do so for persistence by the Licensee in a breach of continuing nature or for any subsequent breach.

Plaintiffs' Exhibit No. 92--(Continued)

13. Upon cancellation or termination of this license, all unpaid royalties under this license shall accrue and become immediately due and payable.

14. The Licensee hereby assumes entire responsibility and liability in and for any and all damages or injuries of any kind or nature whatsoever to all persons, whether employees or otherwise, and to all property growing out of or resulting from the use of the Invention covered by this License or occurring in connection therewith and agrees to indemnify and save harmless Licensor, its agents, servants and employees from and against any and all loss, expenses (including attorneys' fees), damages or injuries, growing out of or resulting from or occurring in connection with the execution by Licensee of any work performed in connection with the License herein granted, or occurring in connection with or resulting from the use by Licensee, its agents or employees, of any material, tools, or other property of Licensor whether the same arise under the common law or any so-called workmen's compensation law, or otherwise. Licensee agrees to procure and maintain a policy of liability insurance in limits adequate to effectuate the agreements herein. Nothing herein contained is intended to obligate Licensee to save Licensor harmless as to claims of infringement of adversely held patents and/or other acts or omissions by Licensor beyond the control of Licensee.

15. Licensee specifically grants to Licensor the

Plaintiffs' Exhibit No. 92—(Continued)

option and privilege to purchase any quantity of the Invention at any time from Licensee at Licensee's normal selling price. In such event the amount received by Licensee from the sale of the Invention to Licensor shall be subject to royalty payments under this agreement.

16. Licensor agrees to make available to Licensee information on any technological improvements falling within the scope of United States Patent Number 2,396,005 and to the extent deemed appropriate by Licensor, to make available to Licensee laboratory services and technical assistance in connection with the testing of and furnishing of reports on the Invention.

17. Any notice required by the terms of this Agreement to be given by Licensee to Licensor shall be given by United States mail, addressed to the Licensor at Chula Vista, California. Any notice under this Agreement to be given by Licensor to Licensee shall be given by United States mail, addressed to Licensee at 407 Commercial Center Street, Beverly Hills, California.

In Witness Whereof the parties hereto have set their hands as of the date first above written.

ROHR AIRCRAFT
CORPORATION,
Licensor,

/s/ By J. E. RHEIM,
Executive Vice President.

Plaintiffs' Exhibit No. 92—(Continued)

Witness:

/s/ S. W. SHEPARD.

THE FRANKLIN C. WOLFE
COMPANY, INC.,
Licensee,

/s/ By FRANKLIN C. WOLFE,
President.

Witness:

/s/ S. W. SHEPARD.

PLAINTIFFS' EXHIBIT No. 95

[Letterhead of The Franklin C. Wolfe Company.]

November 15, 1948

Rohr Aircraft Corporation
Chula Vista, California

Attention: Mr. S. W. Shepard

Dear Mr. Shepard.

Enclosed please find signed copy of the license agreement per United States Patent Number 2,396,005.

In connection with paragraph 2 of page 1 concerning subcontracting for, or sublicensing the manufacture of sealing devices, since Rubber Tech, Incorporated of Gardena, California are presently manufacturing Lock-O-Seals for this company, we would like to continue with this arrangement, under a separate agreement to be entered into with that company subject to your approval. Such approval by your office will be appreciated.

Plaintiffs' Exhibit No. 95—(Continued)

Thank you for your kind consideration in this matter. We look forward to a mutually satisfactory relationship with your company, and assure you of our closest cooperation at all times.

Very truly yours,

/s/ F. C. WOLFE.

FCW:mls

Encl:

PLAINTIFFS' EXHIBIT No. 96

(Copy)

November 17, 1948

Mr. F. C. Wolfe

The Franklin C. Wolfe Company

407 Commercial Center Street

Beverly Hills, California

Dear Mr. Wolfe:

We acknowledge receipt of your letter of November 15, together with one copy of the executed License Agreement.

We would be pleased to review your tentative agreement with Rubber, Tech, for the manufacture of Lock-O-Seals and if satisfactory will approve such agreement as provided in the terms of the license agreement.

Very truly yours,

ROHR AIRCRAFT CORPORATION,

S. W. Shepard,
Secretary.

SWS:dh

PLAINTIFFS' EXHIBIT No. 97

[Letterhead of The Franklin C. Wolfe
Company, Inc.]

August 4, 1950

Rohr Aircraft Corporation
Chula Vista, California
Attention: S. W. Shepard, Secretary

Dear Mr. Shepard:

It will be appreciated if a letter is forwarded to this office cancelling the non-exclusive manufacturing and sales license on Lock O Seal. While the new exclusive agreement covering the same subject naturally supersedes the non-exclusive agreement, such a notification is desired because of the necessary change of status that will be effected in connection with our original agreement with Mr. Joe Kerley of Rubber Teck, Inc. covering a subcontracting manufacturing agreement.

It is further requested that our company be authorized to subcontract to Rubber Teck, Inc. the manufacture of any components of Lock O Seal that may be desired.

Your immediate attention to the above matters will be appreciated.

Yours very truly,

THE FRANKLIN C. WOLFE
COMPANY, INC.,
/s/ F. C. WOLFE, MLS,
F. C. Wolfe.

FCW:mls

PLAINTIFFS' EXHIBIT No. 98

(Copy)

March 17, 1949

Green Rubber and Machine Works

19115 South Hamilton Avenue

Gardena, California

Attention: Mr. Joe Kerley, Secretary-Treasurer

Dear Mr. Kerley:

On July 15, 1946 we arranged through you to license Howard D. Green and Henry S. Kyle to manufacture sealing devices under patent 2,396,005. This license was non-exclusive and non-assignable. As you know, we have also licensed Industrial Specialties, Inc., and The Franklin C. Wolfe Company under similar type licenses.

We are now arranging to issue an exclusive license to The Franklin C. Wolfe Company to manufacture and sell sealing devices under this patent. As a consequence, we wish to revoke the existing licenses outstanding.

We understand from you that Green and Kyle have dissolved their partnership and therefore the partnership as such is not producing Lock-O-Seals under the license agreement. No reports have been filed as required.

The License Agreement provides that it may be canceled in the event of the failure of Licensee to furnish reports as required and further provides that either party may terminate same upon thirty (30) days notice in writing to the other party. It is our desire to terminate this license agreement. We would prefer to cancel the license agreement by

Plaintiffs' Exhibit No. 98—(Continued)
mutual consent rather than file a notice of termination as provided for in the license agreement. We enclose a letter addressed to Green and Kyle which when signed by them will accomplish this, and we will appreciate your securing the signatures of Mr. Green and Mr. Kyle to this letter and return a copy to us at your earliest convenience.

We understand Mr. Wolfe has or will issue a license to your organization as presently constituted to manufacture the sealing devices for The Franklin C. Wolfe Company.

Very truly yours,

ROHR AIRCRAFT CORPORATION,

S. W. Shepard,
Secretary.

SWS:dh

Enclosure

cc: Mr. F. C. Wolfe

PLAINTIFFS' EXHIBIT No. 99

ROHR AIRCRAFT CORPORATION

August 7, 1950

The Franklin C. Wolfe Company
401 Commercial Center Street
Beverly Hills, California
Attention: Mr. Franklin C. Wolfe

Gentlemen:

With the execution of the exclusive license agree-

Plaintiffs' Exhibit No. 99—(Continued)

ment dated July 28, 1950 covering Sealing Devices under U. S. Patent Number 2,396,005, the non-exclusive license agreement dated November 12, 1948 has been superseded. As of July 25, we will look forward to receiving your monthly royalty reports as called for under the exclusive agreement and will expect no further reports under the non-exclusive license agreement.

Paragraph 3 of the exclusive agreement requires our consent to your manufacturing source. We are pleased to advise that we approve Mr. Joe Kerley as a source of supply under this agreement.

We have inserted the date July 31 in the blank appearing on page 3 of the license agreement. Please complete your copy to conform.

Please indicate your consent to the mutual termination of the non-exclusive license agreement as of July 25, 1950 by signing and returning a copy of this letter.

Very truly yours,

ROHR AIRCRAFT CORPO-
RATION,

/s/ S. W. SHEPARD,
S. W. Shepard,
Secretary.

Accepted August 9, 1950.

THE FRANKLIN C. WOLFE
COMPANY,

/s/ By FRANKLIN C. WOLFE.

SWS:dh

PLAINTIFFS' EXHIBIT No. 100

[Rubber Teck, Inc., 19115 South Hamilton Ave.,
Gardena, California.]

February 25th, 1953

The Franklin C. Wolfe Company, Inc.

3644 Eastham Drive

Culver City, California

Gentlemen:

It is hereby mutually understood and agreed that all sales representation agreements between Rubber Teck, Inc. and The Franklin C. Wolfe Company, Inc. and all amendments and modifications thereof, shall terminate as of the close of the business day February 28th, 1953 and that all accrued liability or obligations of one party to the other under any of such agreements which remain unperformed as of the termination date, shall be discharged not later than March 15th, 1953.

Very truly yours,

RUBBER TECK, INC.,

/s/ By PAUL A. KARRER,

President.

THE FRANKLIN C. WOLFE
COMPANY, INC.,

/s/ By FRANKLIN C. WOLFE.

PLAINTIFFS' EXHIBIT No. 112

(Stamped): Received April 19, 1956, Franklin
C. Wolfe Co., Inc.

April 16, 1956

The Franklin C. Wolfe Company, Inc.,
3644 Eastham Drive,
Culver City, California

Attention: Mr. Paul F. Smith

Re: Premises 3644 Eastham Drive, Culver City,
Calif.

Gentlemen:

This will acknowledge receipt of your letter of
April 9, 1956 referring to the above premises and
your lease dated September 29, 1951.

We have heretofore entered into a lease with
Harn of California which will commence upon
your vacation of said premises, and Harn of Cali-
fornia has, with our consent heretofore sublet the
premises to Brubaker Electronics, Inc., also com-
mencing upon your vacation of the premises.

This will therefore constitute our consent and
permission for you to vacate and surrender the
above premises on April 30, 1956 instead of Sep-
tember 30, 1956 as provided in our said lease with
you dated September 29, 1951. It is understood,
of course, that all the provisions of Paragraph 7
of said lease will be fully complied with by you
prior to your vacation of the premises, and that

Plaintiff's Exhibit No. 112—(Continued)
by this letter we do not forego any claims that we
may have arising under said Paragraph #7.

Very truly yours,

/s/ JACK H. HANDELMAN,
/s/ LOUIS E. HANDELMAN,
/s/ DORIS HANDELMAN.

* * * * *

DEFENDANTS' EXHIBIT "D"

[Department of Commerce, United States Patent
Office, Washington.]

(Stamped): Received Dec. 14, 1954. Fulwider,
Mattingly & Huntley.

(Copy)

[Paper No. 1]

Fulwider, Mattingly & Babcock
5225 Wilshire Blvd.
Los Angeles 36, Calif.

Applicant: The Franklin C. Wolfe Company,
Inc. Mailed Dec. 10, 1954. I. M. Div. 1.

Ser. No.: 667,916.

Filed: June 8, 1954.

For: Trade Mark.

Please find below a communication from the
Examiner in charge of this application. /s/ Robert
C. Watson, Commissioner of Patents.

Reference cited: 426,108.

Electric Steel Foundry, registered December 17,
1946 for the mark "Duoseal" in Class 35.

Defendants' Exhibit "D"--(Continued)

Registration is refused under Section 2 (d) on the above reference for the reason that it is believed that use of these almost identical marks on such similar goods would be likely to result in confusion, mistake or the deception of purchasers.

Examiner

Du-O-Seal

FBall:dg

A proper response to this Office action must be received within 6 months from the date of this action in order to avoid Abandonment.

[Pen Notation: See my letter 8/9/54. M.W.]

(Stamped): Received Aug. 2, 1954. Fulwider, Mattingly & Huntley.

U. S. PATENT OFFICE

Address only

Commissioner of Patents

Washington 25, D. C.

35 245904

Serial Number 667916 Series of 1905

Applicant: The Franklin C. Wolfe Co., Inc.,
Culver City, Calif.

Filing Date: June 8, 1954.

For Sealing Washers Made of Rubber & Metal
"Du-O-Seal".

Fulwider, Mattingly, et al., 5225 Wilshire Blvd.,
Los Angeles 36, Calif.

Defendants' Exhibit "D"—(Continued)

The written application, drawing, specimens, and fee of Twenty-Five Dollars of your Trade-Mark, above identified, are received.

Respectfully,

Commissioner of Patents.

PO—100 a

(3-11-47)

Be sure to give the Serial Number as well as date of filing and name of applicant when inquiring about this application.

Credits On Drafts or Checks Are Subject to Collection.

Statement, Declaration and
Power of Attorney

To The Commissioner of Patents:

The Franklin C. Wolfe Company, Inc., a corporation duly organized under the laws of California, located at Culver City, California, and doing business at 3644 Eastham Drive, Culver City, California, has adopted and is using the trade-mark shown in the accompanying drawing for sealing washers made of rubber and metal in Class 35, Belting, hose, machinery packing, and non-metallic tires, and presents herewith five specimens showing the trade-mark as actually used in connection with such goods, the trade-mark being applied to the containers for the goods, and requests that the same be registered in the United States Patent

Defendants' Exhibit "D"—(Continued)

Office on the Principal Register in accordance with the Act of July 5, 1946.

The trade-mark was first used on April 20, 1954, and first used on said goods in commerce among the several states on April 20, 1954.

Declaration

Foster M. Hagmann, being duly sworn, deposes and says that he is the Secretary of the Franklin C. Wolfe Company, Inc., the applicant named in the foregoing statement, that he believes that said corporation is the owner of the trade-mark which is in use in commerce among the several states and that no other person, firm, corporation or association, to the best of his knowledge and belief, has the right to use such trade-mark in commerce which may lawfully be regulated by Congress either in the identical form thereof, or in such near resemblance thereto as might be calculated to deceive, that the drawing and description truly represent the trade-mark sought to be registered, that the specimens show the trade-mark as actually used in connection with the goods, and that the facts set forth in the statement are true.

Power of Attorney

The undersigned hereby appoints Fulwider, Mattingly & Babcock, Registration No. 16,245, of 5225 Wilshire Boulevard, Los Angeles 36, California, its attorneys to prosecute this application for registration with full power of substitution and revocation, to transact all business in the Patent

DEFENDANTS' EXHIBIT "AF"

DEPOSITION OF LEO W. CORNWALL

a witness called on behalf of the defendants, heretofore sworn, was examined and testified as follows:

Mr. Miller: These depositions are taken pursuant to Rule 26 and, also, Rule 43 (b) of the Federal Rules of Civil Procedure, for the purpose of discovery.

Direct Examination

Q. (By Mr. Miller): Mr. Cornwall, what is your full name? A. Leo W. Cornwall.

Q. And where do you live?

A. Route 2—I have a new box number now—Box No. 274, El Cajon. I live eight miles east of El Cajon. [3]*

Q. Are you now employed?

A. No; only self-employed.

Q. Were you at one time employed by Rohr Aircraft Company?

A. Yes; during the second World War, up to the end of the war.

Q. Are you the Leo W. Cornwall who is one of the co-patentees named in United States Letters Patent No. 2,396,005, a copy of which I show to you? A. Yes, sir.

Q. What was the occasion for your developing the sealing device shown in that patent?

* Page numbers appearing at top of page of Original Deposition.

Defendants' Exhibit "AF"—(Continued)
(Deposition of Leo W. Cornwall.)

A. Well, I can't give you the exact date but I remember the incident very clearly. I had been out of the lab, probably around the shop. Or I will go back one step. I was working under Mr. Gross in the laboratory on the machine and tool designing for the laboratory and, when I came back, several of the other fellows were around one of the displays and Mr. Gross called me over and explained what they were constructing. It seems that the access doors that they had on the airplanes had about 120 bolts on them and, when they built the plane originally, they didn't have any trouble with the leaks but, if they had to get into that door and check all of those bolts out, invariably one or more of them would leak. So they tried to stop it by taking a rubber doughnut with a flat washer over it and put [4] that between the body of the plane and the nut. That was all right as long as the doughnut didn't squeeze out to one side. So Mr. Gross says, "Leo, what do you make of this?" I took one look at it and I says, "All you have to do is to put a metal ring around it." And from there on I did all of the devising of these drawings. I think you will find that there from the original I made for Mr. Gross, and Mr. Gross and I got our names on the patent.

Q. Do you know what became of that original drawing that you say that you made up?

A. I think you will still find it in one of the three boxes that Rohr Aircraft has down there in

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the laboratory for that. The original drawings should be there.

Q. To the best of your recollection, does that drawing show a duplicate of Figure 1 of this patent drawing? A. That is right.

Q. Also, a duplicate of Figure 2 of the patent drawing? A. Yes.

Q. Also, one of Figure 3? A. Yes, sir.

Q. Also, of Figure 4? A. Yes.

Q. And Figure 5?

A. Yes. These are all taken from the original.

Q. And Figure 6? [5]

A. Yes. They might not be just exactly the same but the fundamental principle is there. I remember very distinctly making up drawings for the bolt and squeezing it down tight where it was loose. Yes; fundamentally that is exactly as I drew up the original drawings. Mr. Gross had me go to work and find out the proportion between the thickness of that washer and the W diameter of the doughnut. It took a little experimenting to find out that correct proportion. I did all of that work.

Q. What position did Mr. Gross hold at that time?

A. He was at the head of the laboratory.

Q. In charge of the laboratory? A. Yes.

Q. And what position did you hold?

A. I was just a machine and tool designer, taking care of the experimental work that came into

Defendants' Exhibit "AF"—(Continued)
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the lab of a mechanical nature, not of a chemical nature.

Q. Are all of these designs that I see on the drawings of the patent all yours or are they part Mr. Gross' or are they all Mr. Gross'?

A. Do you mean the ideas?

Mr. Miller: Would you repeat the question?

(Question read by the reporter.)

A. Well, I will have to answer that in this way. I had the original idea of putting the washer around the doughnut but the result of this was in co-operation with [6] some suggestions that Mr. Gross had.

Q. What suggestions are there of Mr. Gross' here?

A. Well, that will be kind of hard to figure out here because I can't remember details back that far. The best that I could tell you of that, and this is partially guesswork, is I believe that this hood over this doughnut is Mr. Gross'.

Q. You refer to a hood. Is that hood No. 28 on the drawing?

A. Yes. I think he will corroborate that. This simple arrangement here——

Q. Pointing to Figure 2?

A. Yes, and in Figure 3—this simple arrangement was mine.

Q. That was yours alone?

A. Yes. The idea of putting the metal ring around the doughnut was mine.

Defendants' Exhibit "AF".—(Continued)
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Q. Here in Figure 4 there seems to be a metal ring 21 surrounding a rubber ring 20 and there seems to be a separate washer 25. A. Yes.

Q. Whose idea was that?

A. This is partially guess. I would say that that was designed at the suggestion of Mr. Gross. He would say, "Now, find a way of sealing a bolt with a small head on it." So that is the result of that, and the same way over here. [7]

Q. Mr. Gross told you to find a way of sealing a bolt with a small head on it and did you do that?

A. Yes, by adding this flat washer here.

Q. By adding 25? A. Yes.

Q. Whose idea was it to take a nut and put the rubber ring 20 in a recess on the under side of the nut as shown in Figure 5?

A. I believe I would give Mr. Gross credit for that. I will give him the benefit of the doubt. The only thing I made a hundred per cent and take credit for is the original idea.

Q. When you said the original idea you pointed to Figure 2? A. Yes.

Q. Is that what you consider the original idea, Figure 2 and Figure 3? A. Yes; that is right.

Q. Do you recall when it was that you conceived this idea of putting a rubber doughnut inside of the washer?

A. No; I haven't any definite recollection of that other than that I was working under the

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direction of Mr. Gross during the second World War and it was possibly two years before it ended, maybe a year and a half. What is the date here?

Q. This application for the patent was filed October [8] 2, 1944. Do you have any idea with reference to that date when it was you conceived of this?

A. Yes; I do remember we didn't waste any time on it.

Q. Do you think not more than two or three months elapsed from the time you conceived that?

A. Yes; maybe three or four but not any more.

Q. Before you filed your application?

A. Yes.

Q. Did Rohr Aircraft undertake to manufacture these washers and doughnuts?

A. As I remember it, I don't think Rohr ever attempted to manufacture those. We made some up down there on a small scale for different companies, for the Navy and the Army to try out, but I can't remember manufacturing them on any scale at all.

Q. Do you recall using them on any of the airplanes Rohr was making?

A. Yes; they were used in different places around there. I couldn't tell you any specific place at all.

Q. I have here a sheet in a catalog of the Franklin C. Wolfe Company, Inc., which I will

Defendants' Exhibit "AF"—(Continued)
(Deposition of Leo W. Cornwall.)

ask the reporter to mark for identification as Defendants' Exhibit 1.

(The sheet last above mentioned was marked, by the reporter, as Defendants' Exhibit No. 1 for identification.)

Can you read drawings, Mr. Cornwall?

A. Yes, sir. [9]

Q. This Exhibit 1 here seems to show a drawing wherein a seal of the type shown in Figure 4 is used. In other words, Figure 4 of the patent shows a metal ring with a rubber ring on the inside of it?

A. Yes; that is right.

Q. And a metal washer against it?

A. Yes.

Q. This seems to be applied to a tubular member that is screwed into something?

A. Yes. You can see the threads there.

Q. The tubular member seems to have a shoulder on it, which I will mark "X". Do you understand that drawing to be that way?

A. Yes.

Q. And that shoulder tightens this seal against a member into which the tubular member is screwed? Is that the way you understand that drawing?

A. Yes. This looks like a nut.

Q. I will mark the part that looks like a nut as "Y".

A. It looks like threads. I don't understand this back in here.

Q. I will mark the part "Y" that is screwed into that and the part you don't understand I will mark as "Z".

Defendants' Exhibit "AF"—(Continued)
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A. That looks like an undercut right in there.

Q. Is the seal such as you have in Figures 2 and 3 of the patent drawing suitable for use in a situation such [10] as you see in Exhibit 1, to prevent leakage, that is, where it is to be compressed between a shoulder "X" on a tubular member and something into which the tubular member is screwed?

A. Let's see; this would represent the nut.

Q. Are you referring now to "Y"?

A. Yes; to "Y". I would say the application is identical with the exception that the shoulder is just reversed and that would not, in my opinion, have anything to do with the patent.

Mr. Lee: I will object to the answer as calling for a conclusion. The witness has stated a conclusion in his answer.

Q. (By Mr. Miller): Is the seal shown in Figure 2 of your patent substitutable for the seal shown in Figure 4?

A. You are asking me if this can be used in Figure 4?

Q. In place of the seal shown in Figure 4.

A. It can't without this washer 25.

Q. That is, if the head 24 in Figure 4 is wide enough?

A. If the head is wide enough; yes.

Q. You can substitute the seal shown in Figure 2 for the seal shown in Figure 4?

A. They can be substituted as long as the small-

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(Deposition of Leo W. Cornwall.)

headed bolt has a land large enough to cover the metal washer that restricts the doughnut. [11]

Q. Can you substitute the type of seal shown in Figure 4 for the type of seal shown in Figure 2?

A. Yes; I see no reason why it can't be done.

Q. You show in your patent the rubber ring as having a circular cross section prior to the time that it is squeezed or compressed. Is that essential? Does it have to be that way?

A. Well, let's see——

Mr. Shepard: I would like to ask a question here. Are you asking him to comply with the terms of this patent or to effect a seal?

Mr. Miller: To effect a seal.

Mr. Shepard: To me the question was unintelligible. I couldn't get the type of conclusion that was being requested.

A. That is puzzling me a bit here.

Mr. Lee: I will object to the question in view of what the witness has said and ask that counsel reframe it to make it more clear.

Q. (By Mr. Miller): Could the rubber ring in Figure 2 be egg-shaped or oval-shaped prior to its being squeezed or compressed?

A. I will have to answer yes to that.

Q. Could it be square in cross section and work just as well as a seal?

A. There would be a question with it square.

Q. Could it be triangular? A. No.

Q. Could it be hexagonal in shape?

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A. Yes.

Mr. Lee: I would like to interpose an objection here. The witness is not qualified as an expert. He is here to testify to facts and I believe that this entire line of questioning is calling for opinions of the witness.

Q. (By Mr. Miller): You say that it could not be square, or could be square, which?

A. It would depend on the distance between the O.D. of the bolt and the I.D. of the washer.

Q. The metal washer? A. Yes.

Q. What would that distance have to be?

A. It would have to be of a certain diameter so that it doesn't interfere too much with getting it assembled. Whatever you are inventing has to be easily used by the workmen, not that it might not function after you got it in.

Q. Suppose that there was a little clearance between the O.D. of the bolt and the I.D. of the rubber ring?

A. You would come back again to your I.D. and the O.D. It might not compress down sufficiently to give you a seal.

Q. Is there a certain relationship that must be maintained between the thickness of the rubber ring and the [13] thickness of the metal ring?

A. That is right. You have to take into consideration your cross section of that space in there.

Q. And what must that relationship be?

A. The W diameter has to give you an area

Defendants' Exhibit "AF" —(Continued)

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a little bit in excess of the square area of that space in there in order to compress and seal.

Q. I will ask you this. If the rubber ring 20 is fatter than the metal ring 21, won't that rubber ring compress and seal when you tighten up the bolt?

A. It will compress and seal but it wouldn't give you a good contact between the head of your metal ring and the body of whatever you are sealing.

Q. With reference to the reference characters here, if the rubber ring 20 is fatter than the metal ring 21, you say that that would or would not be all right?

A. It would compress down to the limit and then you would have a space between the head 10 and the metal washer.

Mr. Lee: Counsel, what are you talking about when you say "fatter"?

Mr. Miller: Thicker.

Q. You understood fatter to mean thicker, didn't you? A. Yes.

Mr. Lee: With reference to Figure 2, as I understand what is shown there, the ring 20 is fatter than the washer? Is that what you are speaking of? [14]

Mr. Miller: That is right.

A. What I thought he meant is that, after it was compressed to this limit, the head would not still come down on the metal ring.

Defendants' Exhibit "AF"—(Continued)
(Deposition of Leo W. Cornwall.)

Q. No. I had reference substantially as shown here in Figure 2. 20 is a little bit thicker than the thickness of the metal ring 21?

A. Yes; that is the way we worked it out.

Q. So that, when you tighten up the bolt, you squeeze the rubber ring down to the thickness of the metal ring 21, is that right?

A. Yes; there is a certain ratio that has to be maintained and Mr. Gross and I worked that all out.

Q. What is that ratio?

A. I couldn't tell you now but it has to be maintained.

Q. Is there any disclosure in your patent as to what that ratio should be?

Mr. Shepard: I would like to talk to Mr. Lee a minute.

(Short recess.)

A. I believe I have found it here.

Q. (By Mr. Miller): Will you read it, please?

A. "The cross section area of the rubberlike washer and the channel inside the washer has been so designed that, after the screw, bolt or rivet, has been tightened, the rubberlike material will not only fill the channel but will [15] represent a rubberlike packing under compression similar to a gland packing."

Mr. Lee: Counsel, at this point, I will interpose an objection. The patent speaks for itself and is the best evidence of what is there disclosed. You

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are asking the witness to interpret and draw conclusions from the patent and he is not qualified and has not testified as an expert. And, if this is to continue, I will request that the witness be instructed not to answer any further questions.

Mr. Miller: You may do what you like, Mr. Lee.

Q. Is that the only reference that you see in the patent where the ratio of the thickness of the rubber washer to the thickness of the metal washer is set forth?

Mr. Lee: Mr. Witness, I instruct you not to answer the question on the ground it calls for an interpretation of the patent.

Mr. Miller: I wish to remind you that this man is the inventor. It is his brain child. If anybody knows anything about this, he does or he should.

Mr. Lee: The patentee doesn't have to interpret the claims and specifications.

Mr. Miller: I am not asking him to interpret the claims. I am asking him where the disclosure in his patent is as to this ratio. He has pointed to one instance where he thinks that is disclosed.

Q. Is there any other place there that you see?

Mr. Lee: Mr. Cornwall, I instruct you not to answer the question.

Q. (By Mr. Miller): Suppose that you have a washer a tenth of an inch thick. Can you tell me what the thickness of the O ring should be in that washer?

Defendants' Exhibit "AF"—(Continued)
(Deposition of Leo W. Cornwall.)

A. Not without sitting down and knowing the size of your bolt and the inside diameter of your metal washer.

Q. Suppose that your bolt is a half-inch bolt and your inside diameter of your metal washer is five-eighths.

Mr. Lee: I will object to the question asked as being impossible for the witness to answer offhand, as to what the exact dimensions of something should be.

A. I couldn't give it without sitting down and figuring it out.

Q. (By Mr. Miller): Will you tell me how to figure that out?

A. Not now; no. I have forgotten all of those ratios. That has been 10 years ago.

Q. In your patent, on page 1, column 1, line 6 and lines following, you refer to leak-proofing of bolts, screws or rivets. Can you leak-proof other devices, such as the tubular member shown in Exhibit 1 and the nut "Y" shown in Exhibit 1, between the nut "Y" and the shoulder "X"?

A. You say can you leak-proof them?

Q. Yes, with your washer as shown in Figs. 2 and 3 [17] of your patent.

A. Well, this particular drawing is not plain enough, so I wouldn't say. I would have to see that all in detail.

Mr. Lee: The witness is referring to Exhibit 1.

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(Deposition of Leo W. Cornwall.)

Q. (By Mr. Miller): Is your invention restricted to bolts, screws and rivets, or can it be used on hollow bolts and hollow rivets.

Mr. Lee: I will object to that question as calling for an interpretation of what the invention of the patent is and I will instruct the witness not to answer.

A. I would have to read this all over before I could answer that. A rivet is a rivet whether it is tubular or whatever it is.

Q. (By Mr. Miller): And a bolt is a bolt regardless of whether it is hollow or solid, isn't it?

A. I would say so. I don't see how you could say it any different.

Q. I will show you a photostatic copy of British Patent No. 537,654 and call your attention to the fact that in that patent there is a disclosure in Figure 3 of a tubular member, having a shoulder 9, that is screwed into a part 10.

Mr. Lee: Counsel, I will object to the witness testifying as to what the prior art shows. The witness is not here as an expert on the prior art. If you ask him a question [18] about the prior art, I will instruct him not to answer.

Mr. Miller: May I continue with my question?

Mr. Lee: Yes; you may.

Mr. Miller: Where did I quit before I was interrupted, Mr. Reporter?

(Question read by the reporter.)

Now, to continue, is the seal shown in Figures

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2 and 3 of your patent susceptible of use to establish a leak-proof seal at the location of 8?

Mr. Lee: I will instruct the witness not to answer that question because it calls for a legal conclusion and opinion as to whether or not something is the same as something else. It is not a fact that is called for.

Mr. Miller: You didn't listen to the question.

Mr. Lee: Yes; I did. Will you read it again?
(Question read by the reporter.)

Mr. Lee: I object to the question on the ground that it is incompetent and calls for a conclusion of an expert and the witness is here to testify as to facts, and I instruct him not to answer the question.

Mr. Miller: Do you dispense with all of the formalities necessary to have these questions referred to the court? Will you stipulate we don't have to go through the formality of having the Notary propound the question to the witness and getting his refusal?

Mr. Lee: That is right; so stipulated. [19]

Q. (By Mr. Miller): Could you use your sealing device in a hose coupling, for example, as shown in Figures 2 and 3 of the patent?

A. I am not familiar with that application at all.

Q. You are familiar with garden hoses, aren't you, and you are familiar with the fact that rubber washers are used in the hose couplings of garden hoses?

A. I have seen them; yes.

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(Deposition of Leo W. Cornwall.)

Q. Your sealing device could be used in a hose coupling in place of the rubber washer, could it not?

A. I see no reason why it couldn't be. May I add to that?

Q. Yes.

A. The coupling would have to be redesigned a little bit.

Q. In what respect?

A. The threads might have to be made a little bit larger to accommodate the metal washer and the rubber washer in there.

Q. Other than that change, your device would work all right, is that right? A. Yes.

Q. Considering this British patent, if the threaded end at the lower end of the part 9 is considered the same as the threaded end on a hose coupling and the part 10 is considered as the threaded socket on the hose coupling, your [20] sealing device as shown in Figs. 2 and 3 of your patent could be used to make that hose coupling leak-proof couldn't it?

Mr. Lee: I will object to that question, first of all, on the ground that it is not clear; that it is a compound question; and, secondly, upon the grounds previously stated in connection with this British patent, that the witness is not here to give opinions or conclusions but to testify to facts within his own knowledge, and I instruct him not to answer the question.

Mr. Miller: I will ask that the answer be taken

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in spite of your instruction, Mr. Lee, inasmuch as this witness is not your client as I understand it.

Mr. Lee: We can stop the proceeding now, counsel, and get a ruling on that or we can go ahead with any other questions you have and save that until later.

Mr. Miller: Inasmuch as we have come this long distance, I will ask that the question be answered by the witness, subject to your motion to strike.

Mr. Lee: Counsel, are you going further on these questions?

Mr. Miller: That is about as far as I want to go on that.

Mr. Lee: I will also object to the question on the ground previously stated, that it is uncertain, and I ask counsel to reframe it and try to break it down.

Mr. Miller: In what respect is it uncertain?

Mr. Lee: Will you read it, Mr. Reporter?

(Question read by the reporter.)

Mr. Lee: I object to the question on the ground it is not clear what counsel means by "considered," and we have no hose coupling in evidence that we are talking about here.

Mr. Miller: No; we have none.

Q. Suppose I sketch, Mr. Cornwall, something like the ordinary hose coupling, in which you have a hose. It usually has a little embossment and then some threads on the lower end, and you are going to screw that into a socket on another piece of hose.

A. Yes; your female end.

Defendants' Exhibit "AF"—(Continued)

(Deposition of Leo W. Cornwall.)

Q. Could your sealing device on this sketch that I have drawn be used to leak-proof if it were installed at the point that I will mark "A" on this sketch?

A. Yes, by properly designing these shoulders here.

Q. The shoulders "B" and "C"? Is that what you are talking about?

A. Yes, or it could be applied down in here. It can also be placed in say cavity "D" which is designed to take it if they have properly designed the space to take them.

Q. What proper design would be necessary to use your sealing device at "A"?

A. You have got to have the lands to cover the doughnut. [22]

Q. That is, the width of the shoulder "B" and the width of the shoulder "C" must go beyond the doughnut so that they will come down beyond the washer on the outside, is that it?

A. Yes, and the same way with the space "D" here.

Mr. Miller: I will ask that this sketch be marked Defendants' Exhibit 2 for identification.

(The sketch last above referred to was marked, by the reporter, as Defendants' Exhibit 2 for identification.)

Q. (By Mr. Miller): Referring to this British patent, I would like to have you read that patent and tell me, if you can, any difference between your

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sealing device and the sealing device shown in Figure 2.

Mr. Lee: I will object to the question if that is a question, counsel, as calling for a conclusion and opinion and I will instruct the witness not to answer.

Mr. Miller: I would like to take his answer.

Mr. Lee: On this particular point of that British patent, I will ask that you reserve that question until later, counsel.

Mr. Miller: I don't want to make two trips here.

Mr. Lee: And you haven't established this British patent as prior. I don't want you to answer that question. If you want to adjourn the proceeding now and find out whether he has to answer, we can do that, although I think it would be advisable to go ahead and save all of these [23] questions and get a ruling on them.

Mr. Miller: I will submit this matter to the court.

Q. Has your sealing device ever employed, or has it been employed to your knowledge, as a type of a lock washer?

A. Not to my knowledge to take the place of a lock washer. I am not aware of it.

Q. Will it function to prevent loosening of the screw or bolt?

A. I believe it would to a certain degree but I don't think the degree is very great.

Q. In the file history of your patent, a certified

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copy of which I have before me and which I will be glad to show to you, on page 19, the statement is made, "Further note that, when the metal to metal contact is obtained between the metal retainer ring and the tank walls, the rubber doughnut 20 is thus put under compression and said doughnut then acts as an effective lock which co-operates to prevent loosening of the screw on the bolt." Do you agree with that statement?

A. Yes, but what the degree is I don't know.

Q. If used as a lock washer, is there any difference between your sealing device and the lock washer shown in Figure 5 of the Hart Patent No. 67,539, issued August 6, 1867, a copy of which I now show to you?

Mr. Lee: I will object to that question as asking for a conclusion of the witness and instruct him not to answer. [24]

A. And I couldn't answer it anyway. That would take some engineering to find that out.

Q. (By Mr. Miller): Is it essential in your construction that the rubber ring be detached from the metal ring?

A. Well, I haven't gone into the applications of that since I left Rohr Aircraft and what has been found on that I couldn't say; I don't know. I wouldn't want to answer one way or another.

Q. Up to the time you filed your application for your patent, all of your devices that you made or saw made had the rubber ring detached from the

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metal ring, did they not? A. That is right.

Q. On page 3 of your patent, column 1, line 15 and following, the statement is made, "whereby on the under side of the head of the fastener compressing the rubberlike ring against a portion of one contiguous wall of the tank being fastened together, said ring is deformed into sealing contact with the bore of the washer, the shank, the head of the fastener and said contiguous portion of said wall." What is meant by the ring being deformed into sealing contact with the bore of the washer?

Mr. Lee: I will object to the question as calling for an interpretation of the claims of the patent and instruct the witness not to answer the question.

Mr. Miller: I will submit the question for a ruling of [25] the court.

Q. In your device, when the rubber ring is detached from the metal ring and the bolt is tightened up as shown in Figure 3 of your patent, does the rubber ring expand into sealing engagement with the wall of the bore of the washer?

A. It does not expand. It is compressed into that rectangular space.

Q. Does the rubber ring then try to expand against the wall of the metal washer?

A. That is a roundabout way of interpreting it. When you compress something round into a square space, it does compress on the four sides, that is true, but it is compressed to fill that space in there.

Q. And it compresses all different ways, doesn't

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it? It compresses inwardly against the shank of the bolt and it is also compressed against the head of the bolt and it is also compressed against the wall of the tank 9? A. Yes.

Q. And it is also compressed outwardly against the bore of the washer 21, isn't it?

A. Yes; that is right. But you mentioned expansion there somewheres.

Q. Yes. A. How did you say that, now?

Q. Let me ask you this first. In your construction [26] of the device as shown in Figs. 2 and 3 of your patent, was the rubber ring loose within the metal ring at the time of installation and prior to the time that the bolt was tightened?

A. No. We found there had to be a certain amount of tension there.

Q. What do you mean by tension?

A. The outside diameter of the rubber ring should be just a little greater than the inside diameter of the rubber doughnut.

Q. Is that mentioned in the patent anywhere?

A. That I don't know without reading it all over.

Q. I wish you would read it and, if you find it in there, point it out.

Mr. Lee: I object because the patent speaks for itself as to what is mentioned in it. The witness doesn't have to testify to that.

Q. (By Mr. Miller): Can you point out where that is disclosed in your patent, that the rubber ring

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should be a little bit oversize with respect to the bore of the washer?

Mr. Lee: I will object to the question and instruct the witness not to answer. The patent speaks for itself.

Q. (By Mr. Miller): Did you at any time ever make a construction wherein the rubber ring was bonded to the metal washer?

A. Not at the time I was at Rohr Aircraft; no.

Q. When did you leave Rohr Aircraft?

A. At the end of the war, in 1945. I think it was in August or maybe it was September. Is that right, Mr. Shepard?

Mr. Shepard: My records indicate that you left on September 14, 1945, the first time.

Q. (By Mr. Miller): In your construction, can the cross-sectional diameter of the rubber washer be as much as twice as fat or twice as great as the thickness of the metal washer and still work effectively? A. I would say no.

Q. Can it be one and one-half times as great?

A. Now you would be approaching the correct proportion there and I don't know what that is.

Q. Can it be only one and one-tenth times as great?

Mr. Lee: The witness just testified he didn't know what the proportions were.

A. I couldn't say.

Q. (By Mr. Miller): At the time you developed

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the seal shown in your patent, were you acquainted with a sealing device known as Dyna-seal?

A. No, sir.

Q. Do you see any distinction between the construction shown in Figure 4 of your patent and the construction shown in the Hart Patent No. 128,391?

Mr. Lee: I will object to the question and instruct [28] the witness not to answer because it calls for a conclusion.

A. It is so indistinct that, offhand, I can't study it out. It would take a little time.

Q. (By Mr. Miller): I wish you would state in your own words just what you regarded your invention, particularly that form shown in Figs. 2 and 3, to consist of.

Mr. Lee: Are you referring now to the patent, counsel?

Mr. Miller: You have five forms and I am talking about one form.

Mr. Lee: As shown in the patent?

Mr. Miller: Yes.

Mr. Lee: I will object to the question as calling for an interpretation of the patent and instruct the witness not to answer.

Q. (By Mr. Miller): What other shapes can the rubber ring be given in cross section besides round?

Mr. Lee: I believe the question has been asked and answered in the beginning of the deposition.

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A. In what different shapes can this rubber doughnut be made?

Q. (By Mr. Miller): Yes.

A. It could be made in several shapes but you are coming back to the practicability of manufacturing them.

Q. What other shapes could it be given besides round?

Mr. Lee: I will object to the question. How can the witness answer all possible shapes and variations it might [29] have? It is too broad and indefinite.

A. You would have to end up with your proper proportions regardless of the shape.

Q. (By Mr. Miller): Then it could have other shapes besides round, could it?

A. Yes; there is no question about it.

Q. Did you make them up in any other shape besides round? A. No.

Q. In making up your seals as shown in Figs. 2 and 3, did you just go out and buy some ordinary "O" rings for that purpose?

A. Some we bought and some we had to have made specially to fit the different applications.

Q. For different sizes, bastard sizes, so to speak?

A. Yes.

Q. Those that you bought were just ordinarily conventional "O" rings that are ordinarily used for seals, were they?

A. We were able to apply those to certain appli-

Defendants' Exhibit "AF"—(Continued)

(Deposition of Leo W. Cornwall.)

cations but on other applications, where we couldn't, we had to have rings made. I remember going up to a plant on two occasions with Mr. Gross where they manufactured the rings.

Q. Where did you go?

A. I couldn't tell you now.

Q. Was it some rubber concern here in San Diego? [30]

A. No; it was in Los Angeles. I don't remember the name of the place.

Q. You and Mr. Gross went up together?

A. Yes, sir.

Q. Was that before or after you filed the application?

A. That I couldn't tell you. I would have to check back the records.

Q. Who has those records? Has Rohr Aircraft?

A. I don't have any of the records other than I have a copy of this exhibit.

Q. A copy of the application for the patent?

A. Yes.

Q. You are not in any way interested in the outcome of this lawsuit, are you? A. No, sir.

Q. Who was it that induced you to file an application for a patent on your sealing washers?

A. The only thing I remember is Mr. Gross said we had better get a patent application on it right off. That is the only thing I can remember. Whether those are the exact words or not, I don't know.

Q. Did you think it was patentable at the time?

Defendants' Exhibit "AF"—(Continued)
(Deposition of Leo W. Cornwall.)

A. At the moment, I didn't give it a thought; no.

Q. In other words, you didn't know whether it was patentable or not? [31]

A. No. That was Mr. Gross' business.

Mr. Miller: That is all. Thank you very much, Mr. Cornwall.

(Short recess.)

Cross Examination

Q. (By Mr. Lee): Mr. Cornwall, at the time this invention was made in Patent No. 2,396,005, you were working in a laboratory at Rohr Aircraft?

A. Yes.

Q. And under the direct supervision of Mr. Gross? A. That is right.

Q. How long approximately had you been working in that laboratory?

A. At that time?

Q. Yes; just approximately.

Q. I would have to make an awful wild guess; possibly six months.

Q. Were you assigned to work on sealing devices by Mr. Gross?

A. No, because, as I explained, it wasn't talked over at all before that. I came in from the outside and Mr. Gross called me over and said, "Leo, what do you make of this?"

Q. You were working on general projects?

A. On anything that happened to come up. That

Defendants' Exhibit "AF"—(Continued)

(Deposition of Leo W. Cornwall.)

was [32] my business, to do the best I could in working them out.

Q. I believe you testified that you worked with Mr. Gross on working out the dimensions.

A. That is right.

Q. And you tested different models of this invention? A. Yes.

Q. And you worked with Mr. Gross on all of this test work?

A. That is right. He instructed me to work out every possible application that I could.

Q. And you were in daily contact with him?

A. Yes.

Q. And you discussed it frequently with Mr. Gross?

A. Yes; I would sketch up something and take it in to him and we would talk it over and, if it didn't look right, we would change it.

Mr. Lee: Those are all of the questions I have, Mr. Cornwall.

Redirect Examination

Q. (By Mr. Miller): Was there any part of the construction shown in Figs. 2 and 3 of your patent that was designed or suggested by Mr. Gross, or was that entirely your own?

A. The very original idea of putting the metal ring around the doughnut was mine because that was the answer I gave Mr. Gross, and I think he will still remember that. [33]

Defendants' Exhibit "AF"—(Continued)
(Deposition of Leo W. Cornwall.)

Q. I am referring to Figure 4. Was there any part of that which was Mr. Gross' or was that entirely your own?

Mr. Lee: Counsel, are you referring to the exact thing shown in Figure 4 or to the original idea?

Mr. Miller: He has testified about the original idea. I am talking about Figure 4 now.

Mr. Lee: Will you read the question again, Mr. Reporter?

(Question read by the reporter.)

Mr. Lee: What do you mean by that, counsel?

Mr. Miller: The design of the seal shown in Figure 4.

A. I doubt if it was mine a hundred per cent because we had to talk over all of these other applications.

Q. Of the original idea?

A. That is right; but I couldn't pick out which was which. That would be impossible.

Mr. Miller: That is all. Will you stipulate that the deposition of Mr. Cornwall may be signed before any Notary?

Mr. Lee: Yes; so stipulated.

/s/ LEO W. CORNWALL.

Subscribed to and sworn to before me this 18th day of August, 1955.

[Seal] /s/ A. H. DeRIEMER,
Notary Public in and for the County of Los Angeles, State of California. [34]

[Endorsed]: Filed August 26, 1955.

[Endorsed]: No. 15884. United States Court of Appeals for the Ninth Circuit. Rohr Aircraft Corporation and The Franklin C. Wolfe Company, Inc., Appellants, vs. Rubber Teck, Inc., Rubber Teck Sales and Service Co., Paul A. Karres, Otto R. Grass and Joe P. Kerley, Appellees. Rubber Teck, Inc., Rubber Teck Sales and Service Co., Paul A. Karres, Otto R. Grass and Joe P. Kerley, Appellants, vs. Rohr Aircraft Corporation and The Franklin C. Wolfe Company, Inc., Appellees. Transcript of Record. Appeals from the United States District Court for the Southern District of California, Central Division.

Filed: February 10, 1958.

/s/ PAUL P. O'BRIEN,

Clerk of the United States Court of Appeals for
the Ninth Circuit.

United States Court of Appeals
for the Ninth Circuit

No. 15884

ROHR AIRCRAFT CORPORATION and THE
FRANKLIN C. WOLFE COMPANY, INC.,
Appellants,

vs.

RUBBER TECK, INC.; RUBBER TECK
SALES AND SERVICE CO.; PAUL A.
KARRES; OTTO R. GRASS; JOE P.
KERLEY, Appellees.

STATEMENT OF POINTS ON APPEAL

The points upon which Plaintiffs-Appellants will rely on appeal are as follows:

1. The Court erred in holding that Claim 1 of the patent in suit, No. 2,396,005 was not infringed by the defendants.
2. The Court erred in holding that Claim 1 of the patent in suit is invalid.
3. The Court erred in holding that the defendants have not competed unfairly with the plaintiffs.
4. The Court erred in dismissing plaintiffs' complaint and awarding costs to the defendants.
5. The Court erred in finding that terms used in the patent in suit must be construed strictly against the plaintiffs.

6. The Court erred in finding that the patent in suit is invalid for lack of invention in determining the amount of rubber to be used in the sealing ring.

7. The Court erred in finding that the patent in suit is invalid for lack of invention or anticipation by the patents placed in evidence by the defendants.

8. The Court erred in admitting into evidence the patent to Dowty, No. 2,455,982 and the patent to Johanson, No. 2,462,023.

9. The Court erred in finding that the defendants did not misuse or appropriate any trade secret or proprietary information of the plaintiffs.

10. The Court erred in holding that a single instance of confusion may not establish confusion as a matter of trademark law, and that the defendants' use of a trademark similar to those of the plaintiffs does not raise the possibility of confusion of the public.

FULWIDER, MATTINGLY
& HUNTLEY,

/s/ By JOHN M. LEE,
Attorneys for Appellants.

JML/aab

Affidavit of Service by Mail Attached.

[Endorsed]: Filed February 24, 1958. Paul P. O'Brien, Clerk.

[Title of Court of Appeals and Cause.]

STATEMENT OF POINTS TO BE RELIED
UPON BY DEFENDANTS - APPELLEES
AND CROSS-APPELLANTS

The points on which defendants-appellees and cross-appellants will rely upon appeal are as follows:

1.

The Court erred in holding that there is no merit in defendants' counterclaim.

2.

The Court erred in refusing to require plaintiffs to comply with demand made by defendants' counsel to produce copies of their application which would have justified their use of the words "other patents pending" in plaintiffs' advertising literature.

3.

The Court erred in failing to grant defendants' counterclaim under the provisions of 35 USCA 292.

4.

The Court erred in refusing to afford defendants an opportunity to make an appropriate application for the allowance of attorney's fees.

5.

There was an abuse of discretion on the part of the Court in denying defendants' prayer for attorney's fees without affording defendants an oppor-

tunity to present facts and circumstances justifying their award.

FRED H. MILLER,
STANLEY A. PHIPPS,
/s/ By FRED H. MILLER,
Attorneys for Appellees and
Cross-Appellants.

Affidavit of Service by Mail Attached.

[Endorsed]: Filed March 3, 1958. Paul P.
O'Brien, Clerk.

[Title of Court of Appeals and Cause.]

STIPULATION RE ORIGINAL EXHIBITS AND PRINTED COPIES

It is hereby stipulated by and between the above-entitled parties through their respective counsel, subject to the approval of the Court, that soft, printed copies furnished by the Patent Office may be used in preparing the record in place of printed copies of Plaintiffs' Exhibit 23 and Defendants' Exhibits A and AD.

It is further stipulated that only ten (10) copies of the Book of Exhibits on appeal be printed.

The purpose of this stipulation is to reduce the cost of preparing the record on appeal as far as possible commensurate with a proper presentation

thereof to said Court for determination of the appeal.

Dated at Los Angeles, California, this 18th day of April, 1958.

FULWIDER, MATTINGLY
& HUNTLEY,
ROBERT W. FULWIDER,
JOHN M. LEE,
/s/ By JOHN M. LEE,
Attorneys for Appellants.

FRED H. MILLER,
STANLEY A. PHIPPS,
/s/ By FRED H. MILLER,
Attorneys for Appellees.

[Endorsed]: Filed April 22, 1958. Paul P.
O'Brien, Clerk.

[Title of Court of Appeals and Cause.]

STIPULATION RE ORIGINAL
EXHIBIT

It is hereby stipulated by and between the above-entitled parties through their respective counsel, subject to the approval of the Court, that Defendants' Exhibit C shall be used as a physical exhibit and need not be printed in the Book of Exhibits.

Dated at Los Angeles, California, this 18th day of April, 1958.

FULWIDER, MATTINGLY &
HUNTLEY,
ROBERT W. FULWIDER,
JOHN M. LEE,

/s/ By JOHN M. LEE,
Attorneys for Appellants.

FRED H. MILLER,
STANLEY A. PHIPPS,

/s/ By FRED H. MILLER,
Attorneys for Appellees.

[Endorsed]: Filed April 22, 1958. Paul P. O'Brien, Clerk.



No. 15885

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

CHARLES H. RUTHERFORD,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

Petition to Review a Decision of the United States
District Court.

APPELLANT'S OPENING BRIEF.

MURRAY M. CHOTINER, and
RUSSELL E. PARSONS,

By MURRAY M. CHOTINER,
600 Fox Wilshire Theatre Bldg.,
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Beverly Hills, California,

Attorneys for Appellant.

FILED

NOV 3 1958

PAUL R. GENTILE, CLERK

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No. 15885
IN THE
United States Court of Appeals
FOR THE NINTH CIRCUIT

CHARLES H. RUTHERFORD,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

Petition to Review a Decision of the United States
District Court.

APPELLANT'S OPENING BRIEF.

Statement of the Case.

This is an appeal from the judgment of conviction made by the United States District Court adjudging the appellant guilty of violating Title 26, United States Code, Section 7203 (willful failure to register and to pay occupational tax), and from the order denying appellant's motion for a new trial [Tr. of Rec. p. 39].

Appellee filed an Information in the United States District Court, Southern District Court of California, Central Division, No. 26177-Crim. CD, against Charles H. Rutherford, the appellant, charging that during the period beginning July 1, 1957 and up to and including August 15, 1957, the appellant, Charles H. Rutherford, engaged in the business of accepting wagers with respect to horse races and received wagers with respect to horse races within the meaning of Title 26, United States Code, Sec-

tion 4401C, and that by reason thereof he was required by law to register and pay the occupational tax (wagering) as required by Sections 4411 and 4412 of the Internal Revenue Code, 1954, and that he did wilfully and knowingly fail to register and to pay said tax in violation of Title 26, United States Code, Section 7203 [Tr. of Rec. pp. 3-4].

That appellant filed a Motion for Bill of Particulars [Tr. of Rec. pp. 4-7], and an order was made granting a Bill of Particulars [Tr. of Rec. pp. 8-9], that the Bill of Particulars was furnished by the appellee [Tr. of Rec. pp. 9-18].

That appellant filed a Motion for Return of Personal Property and to Suppress Evidence [Tr. of Rec. pp. 18-22], which was denied by the Court [Tr. of Rec. p. 34].

That the appellant, together with co-defendants Howard Cupp and Monica Kissel, proceeded to trial by the Court without a jury; that the charges (failing to pay a wagering occupational tax) against co-defendant Monica Kissel were dismissed on motion of the United States Attorney [Tr. of Rec. p. 44]; and co-defendant Howard Cupp was adjudged not guilty [Tr. of Rec. pp. 43-44]; and the appellant was adjudged guilty [Tr. of Rec. p. 37].

Appellant's motion for a new trial [Tr. of Rec. pp. 35-36] was denied by the Court [Tr. of Rec. p. 37] and it was adjudged that the appellant pay a fine in the sum of \$2500.00 [Tr. of Rec. p. 38].

Jurisdiction.

The jurisdiction of this Court is invoked under Title 28 U. S. C., Section 1291. The pleadings relied on are the Information, Motion for Bill of Particulars, Motion for Return of Personal Property and to Suppress Evidence,

Motion for New Trial, Notice of Appeal, and Condensed Narrative Statement of Testimony [Tr. of Rec. pp. 3-4, 4-7, 18-22, 35-37, 39, 43-45].

Statement of Facts.

Appellant did not register or pay a wagering occupational tax required of one engaged in the business of accepting and receiving wagers with respect to horse races.

On several occasions between July 25, 1957 and August 15, 1957, the appellant was seen by Federal agents and Los Angeles County deputy sheriffs driving into an auto park adjoining Mark's Restaurant in Compton at approximately 6:00 P. M. On these occasions he would meet Howard Cupp, who approached the appellant's automobile and handed him a rolled up package of papers.

On some occasions Monica Kissel met Howard Cupp at the place designated and received from him a rolled up package of papers.

On one occasion an unidentified woman met the appellant at the place designated and handed him a package of rolled up papers.

On August 15, 1957 at approximately 6:00 to 6:15 P. M. the appellant was seen by a deputy sheriff at the same auto park meeting Cupp and a package passing from Cupp to the appellant; shortly thereafter Federal Agent Katayama knocked on the door of Apartment F, 110 North Burris, Compton, California, and said "Open up. We are federal officers and have a search warrant." After waiting 20 to 25 seconds and receiving no response, the federal agent in the company of deputy sheriffs broke the door down and entered the apartment. He saw the appellant seated on a couch stuffing some papers under-

neath the seat, and there was a brown paper bag containing a number of papers at his feet. A copy of the search warrant was given to the appellant approximately twenty minutes before leaving the premises.

It was stipulated that Deputy Sheriff Carl Seltzer would testify that pieces of paper in the brown paper bag and under the cushion of the couch contained notations of purported bets on horse races and figures showing the totalization of wins and losses on the said purported bets.

All of these papers were seized by the federal agent at the said apartment.

Federal Agents Ness and Katayama held a conversation with the appellant at the said apartment on August 15, 1957 in which they asked him what the papers were and the appellant replied that they were betting markers that he picked up from a clerk of Swede's at the Mark's Restaurant auto park. The appellant was asked what he was doing with them, and he replied that he was just figuring the wins and losses and that Swede would come around about 10:00 o'clock each night and pick them up. The appellant stated he was getting \$150.00 a week for his services. When asked if he knew he was required to have a wagering stamp, he said he did not need a stamp because he was not a bookmaker [Tr. of Rec. pp. 43-45].

Specification of Errors.

I. The Court erred in not granting the motion to suppress evidence.

II. The evidence was not sufficient to establish the guilt of the appellant.

III. The Government failed to establish the necessary venue.

Questions Presented by Appellant.

I. Should the Court have granted the motion to suppress evidence?

A. Should a search warrant issue unsupported by oath or affirmation to show probable cause?

B. Must an affidavit in support of the issuance of a search warrant set out facts showing the required probable cause?

C. Must the affidavit for the search warrant state facts known to be true from observation?

D. Must the evidence before the Judge or Commissioner who issues the search warrant be such as would be admissible on trial?

E. Should the Courts validate writs issued on sworn declarations based on information and belief or conclusions?

II. Was the evidence sufficient to establish the guilt of the appellant?

A. Did the activities of the appellant show that he engaged in the business of accepting and receiving wagers so as to bring him within the act of Congress requiring a registration and the payment of a wagering occupational tax?

B. Did the appellant wilfully and knowingly violate the law when he did not have knowledge that he was required to register and pay the wagering occupational tax?

III. Did the Government fail to establish venue by failing to show that the appellant engaged in the business of accepting and receiving wagers within the jurisdiction of the Court?

ARGUMENT.

I.

The Court Should Have Granted the Motion to Suppress Evidence.

No search warrant shall issue except upon probable cause supported by oath or affirmation.

United States Constitution, Fourth Amendment.

Probable cause means a reasonable ground of suspicion, supported by circumstances sufficiently strong in themselves to warrant a cautious man in the belief that the party is guilty of the offense with which he is charged.

Stacey v. Emery, 97 U. S. 642, 24 L. Ed. 1035.

Where an affidavit in support of the issuance of a search warrant does not set out facts showing the required probable cause, the motion to suppress evidence seized as a result of the search warrant must be granted.

United States v. Lassoff, 147 Fed. Supp. 944.

The affidavit for the search warrant must state facts known to be true from observation. Courts should not validate writs issued on sworn declaration which literally comply with the terms of the Federal Statute on information and belief or conclusions, instead of positively alleging the material facts.

Ripper v. United States, 178 Fed. 24, 26 (8th Cir.);

Schencks v. United States, 2 F. 2d 185, 186, 187.

The evidence before the Judge or Commissioner who issues the search warrant must be such as would be admissible on trial.

Wagner v. United States, 8 F. 2d 581, 583 (8th Cir.);

Giles v. United States, 284 Fed. 208, 214 (1st Cir.).

The Commissioner must be furnished with facts—not observations, beliefs or surmises.

Veeder v. United States, 252 Fed. 414, 418 (7th Cir.).

When the validity of a warrant was before the Court of Appeals for the First Circuit in *Giles v. United States*, 284 Fed. 208, the Court said that the affidavit should have affirmatively appeared that the affiant had personal knowledge of facts competent for a jury to consider, and the facts, and not his conclusion from the facts, should have been before the Commissioner.

Lockname v. United States, 2 F. 2d 427, 428 (9th Cir.);

Kohler v. United States, 9 F. 2d 23, 25 (9th Cir.).

A search warrant could issue only upon evidence which could be competent in a trial before a jury and of such a nature to lead a man of prudence and caution to believe that the offense had been committed.

Grau v. United States, 287 U. S. 124, 128.

Sworn general statements set forth in the affidavit are not sufficient to warrant a judicial finding of probable cause for the issuance of a search warrant, and therefore the warrant is void.

United States v. Lassoff, 147 Fed. Supp. 944, 949.

In the instant case the search warrant was issued by United States Commissioner Theodore Hocke, based on the affidavit of Special Agent Arthur S. Katayama [Tr. of Rec. pp. 22-23], who incorporated by reference affidavits of Los Angeles County Deputy Sheriffs Howard Fowler and Calvin A. Bublitz [Tr. of Rec. pp. 25-29, 31-33], and an additional affidavit of the said Arthur S. Katayama [Tr. of Rec. pp. 29-31].

It should be noted that the affidavit of Special Agent Katayama states a conclusion rather than ultimate facts when he states: "that he has reason to believe . . . there is now being concealed certain property, namely, betting markers . . ." etc. [Tr. of Rec. p. 25].

The affidavits of Deputy Sheriffs Howard Fowler and Calvin A. Bublitz are replete with hearsay, conclusions, as well as information and belief. A reading of the affidavits [Tr. of Rec. pp. 26-29, 31-33] demonstrates beyond question that the material set forth in the affidavits does not comply with the judicial rulings hereinabove cited to the Court.

The additional affidavit of Special Agent Katayama [Tr. of Rec. pp. 29-31] is based on conclusions when the affiant states that the slips of paper handed to Rutherford by Cupp are betting markers, since at no time was there any showing that the affiant ever identified the pieces of paper as having passed from Cupp to Rutherford, or saw them so as to state what was contained on them.

Phrases contained in the affidavits, such as: "Monica Kissel whom I know by reputation and name to be the girl friend of Charles H. Rutherford" [Tr. of Rec. p. 27]; "Mark Rutherford who is a known notorious book-maker in this area . . . C. H. Rutherford has taken

over his father's business . . . and has a reputation as being a bookmaker . . .” [Tr. of Rec. p. 28]; “that upon being advised . . . that a person known to the Los Angeles County Sheriffs Office as C. H. Rutherford was conducting large scale bookmaking activities” [Tr. of Rec. p. 29]; “It is my opinion that the slips of paper handed to Rutherford by Cupp are betting markers used by bookmakers” [Tr. of Rec. pp. 30-31]; “the home of C. H. Rutherford who is a notorious bookmaker” [Tr. of Rec. p. 32]; “that Rutherford's *modus operandi* consists of operating a ‘relay-back office’ operation” [Tr. of Rec. p. 33], are so obviously conclusions and hearsay based on hearsay that no further comment by counsel for appellant should be required to show that such statements would not be admissible at a trial and are not competent to justify the issuance of a search warrant.

II.

The Evidence Was Not Sufficient to Establish the Guilt of the Appellant.

Mere intra-state transportation of gambling material does not establish a crime.

Clay v. United States, 239 F. 2d 196, 199 (5th Cir.).

Congress did not choose to subject all employees of gambling enterprises to the tax and reporting requirements, but was content to impose them on persons actually “engaged in receiving wagers.” The occupational tax does not apply to a pick-up man.

United States v. Calamaro, 354 U. S. 351, 357.

The pick-up man no more receives a wager than a messenger who carries records of customers' transactions from

a branch bank to a central office receives deposits. It is the writer and not the pick-up man who is "engaged in receiving wagers".

United States v. Calamaro, 354 U. S. 351, 355.

In the instant case all the evidence shows is that the appellant did not register or pay a wagering occupational tax [Tr. of Rec. p. 43]; and that he was seen on several occasions to receive papers in an auto park [Tr. of Rec. pp. 43-44]; and that papers identified as containing purported bets on horse races were seized by a Federal Agent at an apartment where the appellant was arrested [Tr. of Rec. pp. 44-45].

However, when the appellant was asked what he was doing with the papers he replied that he was just figuring the wins and losses, and that he did not need a stamp because he was not a bookmaker [Tr. of Rec. p. 45].

Where the prosecution presents as part of its case defendant's statement, the State was bound by that evidence in absence of proof to the contrary.

People v. Coppla, 100 Cal. App. 2d 766, 769, 224 P. 2d 828;

People v. Griego, 136 Cal. App. 2d 51, 56; 288 P. 2d 175.

Giving the Government the full benefit of the evidence submitted, it is respectfully urged that the evidence only shows that the appellant picked up pieces of paper, was found in possession of purported bets on horse races, and stated that he had figured the wins and losses for someone else.

The evidence does not show that the appellant wilfully and knowingly failed to register and to pay the tax "well

knowing” that he was required to do so. The evidence does not show that the defendant “engaged in receiving wagers” within the meaning of the *Calamaro* case.

Since the Government introduced evidence of a conversation held with the appellant, it is bound by that conversation in the absence of proof to the contrary.

Title 26, United States Code, Section 4401c, provides:

“. . . each person who is engaged in the business of accepting wagers shall be liable for and shall pay the tax . . . on all wagers placed with him . . .”

The Government failed to establish that the appellant “engaged in business” within the meaning of Section 4401c of Title 26, United States Code.

“Engaged in business” means conducting, prosecuting and continuing business by performing progressively all the acts normally incident thereto.

Supreme Malt Products Co. v. United States, 153 F. 2d 5, 6;

Lewellyn v. Pittsburgh B. & L. E. R. Co., 222 Fed. 177, 185, 186.

In the absence of evidence that the appellant had knowledge that he was required to register and pay the wagering occupational tax (the Information charges “well knowing these facts”) [Tr. of Rec. p. 3], the evidence is insufficient to show a wilful and knowing violation of the law.

III.

The Government Failed to Establish the Necessary Venue.

The information was filed in the United States District Court, Southern District of California, Central Division [Tr. of Rec. p. 3].

The Information charged that the registration and payment of tax was required to be made to the District Director of Internal Revenue at Los Angeles, California, within the Central Division of the Southern District of California [Tr. of Rec. p. 3].

The Government failed to produce evidence to show that the appellant engaged in the business of accepting wagers within the Central Division of the Southern District of California. The evidence merely showed that he was arrested in the area affected, and that papers containing purported bets were found in the apartment with the appellant where he was arrested. However, the evidence does not show that the purported wagers were received within the venue of the Court, nor does the evidence show that appellant engaged in the business of accepting wagers within the venue of the Court.

Conclusion.

It is respectfully submitted that the judgment of conviction and the order denying appellant's motion for a new trial should be reversed, and that the District Court be directed to suppress the evidence seized without a bona fide search warrant.

Respectfully submitted,

MURRAY M. CHOTINER, and
RUSSELL E. PARSONS,

By MURRAY M. CHOTINER,
Attorneys for Appellant.

APPENDIX.

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No. 15885.

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

CHARLES H. RUTHERFORD,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

BRIEF OF APPELLEE.

LAUGHLIN E. WATERS,
United States Attorney,

LLOYD F. DUNN,
*Assistant United States Attorney,
Chief, Criminal Division,*

REMBERT T. BROWN,
Assistant United States Attorney,

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Los Angeles 12, California,

Attorneys for Appellee.

FILED

MAY 21 1958

PAUL P. O'BRIEN, CLERK

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No. 15885.

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

CHARLES H. RUTHERFORD,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

BRIEF OF APPELLEE.

Basis of Jurisdiction.

This is a criminal action. Jurisdiction of the District Court was invoked under 18 U. S. C., Sec. 3231. The subject information was filed September 6, 1957 [T. R. 3].* The appellant was charged therein with wilful failure to register and pay the occupational tax on wagering in violation of Section 7203, Title 26, United States Code (International Revenue Code of 1954). That section provides in pertinent part as follows:

“Any person required under this title to pay any . . . tax, . . . who wilfully fails to pay such . . . tax . . . at the time or times required by law or regulations, shall in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than \$10,000, or imprisoned not more than one year, or both, together with the costs of prosecution”

*References to the Transcript of the Record will be prefixed with the letters “T. R.”

The appellant filed a Motion for Return of Personal Property and to Suppress Evidence [T. R. 18-22] which was denied [T. R. 34].

Following a trial by the Court without a jury the appellant was adjudged guilty [T. R. 37]. Appellant's motion for a new trial [T. R. 35-36] was denied by the Court [T. R. 37] and it was adjudged that the appellant pay a fine in the sum of \$2,500.00 [T. R. 38]. Judgment was entered January 20, 1958 [T. R. 37]. Notice of appeal was filed by the appellant on January 21, 1958. This Court has jurisdiction under Title 28, United States Code, Section 1291.

Statement of the Case.

Appellee filed an Information in the United States Court, Southern District of California, Central Division, No. 26197-Criminal-CD against Charles H. Rutherford, the appellant, which charged as follows:

During the tax year beginning July 1, 1957, and up to and including August 15, 1957, defendant Charles H. Rutherford engaged in the business of accepting wagers with respect to horse races, and received wagers with respect to horse races within the meaning of Title 26, Section 4401c, United States Code; by reason of such activity he was required by law to register and to pay the occupational tax (wagering) as required by Sections 4411 and 4412 of the Internal Revenue Code, 1954, to the District Director of Internal Revenue at Los Angeles, California, within the Central Division of the Southern District of California; and, well knowing these facts, the defendant did wilfully and knowingly fail to register and to pay said tax to said District Director or to any other proper officer of the United States, in violation of Section 7203, Title 26, United States Code.

The portion of the evidence contained in the condensed narrative statement of testimony filed by the appellant herein is as follows:

The defendant did not register or pay a wagering occupational tax required of one engaged in the business of accepting and receiving wagers with respect to horse races.

On several occasions between July 25, 1957, and August 15, 1957, the defendant was seen by Federal agents and Los Angeles County deputy sheriffs driving into an auto park adjoining Mark's Restaurant in Compton at approximately 6:00 P. M. On these occasions he would meet Howard Cupp (a co-defendant adjudged by Judge Westover not guilty of failing to pay a wagering occupational tax in a consolidated trial with the defendant), who approached the defendant's automobile and handed him a rolled up package of papers.

On some occasions Monica Kissel (a co-defendant with Howard Cupp against whom the charges were dismissed on motion of the United States Attorney) met Howard Cupp at the place designated and received from a [58] rolled up package of papers.

On one occasion an unidentified woman met the defendant at the place designated and handed him a package of rolled up papers.

On August 15, 1957, at approximately 6:00 to 6:15 P. M. the defendant was seen by a deputy sheriff at the same auto park meeting Cupp and a package passing from Cupp to the defendant; shortly thereafter Federal Agent Katayama knocked on the door of Apartment F, 110 North Burris, Compton, California, and said: "Open up. We are federal officers and have a search warrant." After

waiting 20 to 25 seconds and receiving no response, the federal agent in the company of deputy sheriffs broke the door down and entered the apartment. He saw the defendant seated on a couch stuffing some papers underneath the seat, and there was a brown paper bag containing a number of papers at his feet. A copy of the search warrant was given to the defendant approximately twenty minutes before leaving the premises.

It was stipulated that Deputy Sheriff Carl Seltzer would testify that pieces of paper in the brown paper bag and under the cushion of the couch contained notations of purported bets on horse races and figures showing the totalization of wins and losses on the said purported bets.

All of these papers were seized by the federal agent at the said apartment.

The handwriting of the purported bets was identified as the handwriting of Howard Cupp, and the handwriting of the totalization figures showing the wins or losses was identified as the handwriting of the defendant.

Federal Agents Ness and Katayama held a conversation with the defendant at the said apartment on August 15, 1957, in which they asked him what the papers were and the defendant replied that they were betting markers that he picked up from a clerk of Swede's at the Mark's Restaurant auto park. The defendant was asked what he was doing with them, and he replied that he was just figuring the wins and losses and that Swede would come around about 10:00 o'clock each night and pick them up. The defendant [59] stated he was getting \$150.00 a week for his services. When asked if he knew he was required to have a wagering stamp, he said he did not need a stamp because he was not a bookmaker.

Questions Presented.

1. Did the Court properly deny the motion to suppress evidence?
2. Was the evidence sufficient to establish the guilt of the appellant?
3. Was the proper venue established for this action?

ARGUMENT.

I.

The Court Properly Denied the Motion to Suppress Evidence.

The motion to suppress [T. R. 18-22] involved a search of premises under authority of a duly issued search warrant [T. R. 22-24]. Said warrant was issued by the United States Commissioner after his finding that the affidavits submitted to him [T. R. 26-33] showed sufficient probable cause to justify the issuance of said warrant.

Where affidavits are submitted to a United States Commissioner for purposes of having a search warrant issued, he is to exercise his own judgment as to whether the facts alleged in the affidavits constitute probable cause. Unless that judgment is *arbitrarily* exercised, his determination that probable cause exists is conclusive.

Gracie v. United States, 15 F. 2d 644, 646 (1st Cir.), cert. den. 273 U. S. 748.

A full-scale hearing was held on the motion to suppress evidence [T. R. 34] which was then denied by the Court below [T. R. 34] upon a finding that the facts submitted to the United States Commissioner were sufficient for the issuance of the search warrant. This factual determina-

tion, therefore, has already been made twice, once by the United States Commissioner based on affidavits of the law enforcement officers, and a second time by a United States District Judge following a hearing during which a full presentation of the facts relative to the question of probable cause through testimony of witnesses was had.

The burden is on the moving party to adduce facts in support of his motion.

United States v. Warrington, 17 F. R. D. 25 (N. D. Cal., 1955);

Wilson v. United States, 218 F. 2d 754 (10th Cir.);

Nardone v. United States, 308 U. S. 338.

If the affidavits in support of a search warrant contain facts from which a reasonably prudent man would find probable cause the warrant is valid.

Carney et al. v. United States, 163 F. 2d 784 (9th Cir.), cert. den. 332 U. S. 824.

The United States Supreme Court defined probable cause as follows:

“Since Marshall’s time, at any rate, it has come to mean more than mere suspicion: Probable cause exists where ‘the facts and circumstances within their [the officers’] knowledge *and of which they had reasonably trustworthy information* [are] sufficient in themselves to warrant a man of reasonable caution in the belief that’ an offense has been or is being committed. *Carroll v. United States*, 267 U. S. 132, 162.” (Emphasis added.)

Brinegar v. United States, 338 U. S. 160, 175.

In line with this definition it has been repeatedly held that not only what was directly seen and heard by the searching officers but also what they were told by others, including other officers and informers, is relevant and admissible as bearing on the issue of probable cause.

Carroll v. United States, 267 U. S. 132, 161;

Gilliam v. United States, 189 F. 2d 321 (6th Cir.);

United States v. Vatune, 292 Fed. 497 (N. D. Cal.);

United States v. Li Fat Tong, 152 F. 2d 650 (2d Cir.);

Bradford v. United States, 194 F. 2d 168 (6th Cir.);

Husty v. United States, 282 U. S. 694.

“In determining what is probable cause, we are not called upon to determine whether the offense charged has *in fact* been committed. We are concerned only with the question whether the affiant had reasonable ground at the time of his affidavit and the issuance of the warrant for the belief that the law was being violated on the premises to be searched; and if the apparent facts set out in the affidavit are such that a reasonably discreet and prudent man would be led to believe that there was a commission of the offense charged, there is probable cause justifying the issuance of a warrant.” (Emphasis added.)

Dumbra v. United States, 268 U. S. 437.

The determination by the United States Commissioner that the facts set forth in the subject affidavits and the further finding by the Court below that such determination was not arbitrary and therefore conclusive under *Gracie v. United States*, *supra*, should stand.

II.

The Evidence Was Sufficient to Establish the Guilt of the Appellant.

The occupational tax on wagering is imposed upon:

(1) Each person who is engaged in the business of accepting wagers.

(2) Each person who is engaged in receiving wager for or on behalf of any such person.

Internal Revenue Code of 1954, Secs. 4401(c), 4411.

In other words, it applies to a principal or an agent who accepts wagers for or on his behalf. It does not apply to a so-called "pick-up man."

United States v. Calamaro, 354 U. S. 351.

To be liable for the tax it is not necessary that a person engaged in the business of accepting the wagers physically receive them.

Treasury Reg. 132, Sec. 325.25.

United States v. Calamaro, *supra*.

The information [T. R. 3-4] and bill of particulars [T. R. 9-17] do not charge defendant with being a pick-up man. He is charged with being a principal. The trial court had before it the *Calamaro* case, *supra*, and based upon the evidence placed before it, found the appellant guilty as a principal. The defendant Cupp was found not guilty as not being among the classes of persons against whom the occupational wagering tax is imposed [T. R. 43].

A factual question was presented to the trial judge as to whether, based upon all the testimonial and documen-

tary evidence before him, the appellant was a principal, as contended by the Government, or a mere pick-up man, as claimed by him. Based on all the evidence before him, and not merely the self-serving declarations made by the defendant to the arresting officers and which were not corroborated by him during the trial, the trial judge found, as a matter of fact that the appellant was a principal, and as a matter of law, under the *Calamaro* case, *supra*, that he was subject to the payment of the occupational tax on wagering.

There was ample evidence introduced during the trial upon which to base the trial judge's finding that appellant was engaged in the business of receiving wagers. The appellant did not take the witness stand to rebut that evidence. The facts as to the role played by him in this operation were within his knowledge, and he failed to dispute those facts at his peril once he assumed the burden of going forward with the evidence.

III.

The Venue of This Action Is Proper.

The appellant was charged in the information with engaging in the business of receiving wagers without having registered and paid the occupational tax on wagering [T. R. 3].

No person shall engage in the business of receiving wagers until he has registered and paid the occupational tax on wagering.

Internal Revenue Code of 1954, Secs. 4412, 4901;
Treasury Reg. 132, Sec. 325.50.

Venue of prosecution for nonpayment of wagering tax is where the act of conducting the business of wagering is committed.

United States v. Bowman, 137 Fed. Supp. 385 (D. C., 1956);

Beach v. United States, 240 F. 2d 888 (D. C. Cir., 1957).

There was ample evidence before the trial judge that appellant was engaged in the business of receiving wagers within the Southern District of Southern California and he so held. Venue is therefore proper.

Conclusion.

It is respectfully submitted that the judgment of conviction and the order denying appellant's motion for a new trial should be affirmed.

Respectfully submitted,

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No. 15885

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

CHARLES H. RUTHERFORD,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

Petition to Review a Decision of the United States
District Court.

APPELLANT'S REPLY BRIEF.

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Appellee.

Petition to Review a Decision of the United States
District Court.

APPELLANT'S REPLY BRIEF.

I.

**The Court Should Have Granted the Motion to
Suppress Evidence.**

Appellee's Brief (p. 5) states the motion to suppress evidence was denied by the Court upon a finding that the facts submitted to the U. S. Comissioner were sufficient for the issuance of the search warrant.

However the Transcript of Record does not show such a finding. In fact, the Court in denying the motion held it was up to the Commissioner to make the determination and that the Court would not pass on the sufficiency of the evidence.

The ruling is in direct conflict with the authorities cited by appellant in his opening brief (pp. 6-7).

They are repeated here for the convenience of the Court.

No search warrant shall issue except upon probable cause supported by oath or affirmation.

United States Constitution, Fourth Amendment.

Probable cause means a reasonable ground of suspicion, supported by circumstances sufficiently strong in themselves to warrant a cautious man in the belief that the party is guilty of the offense with which he is charged.

Stacey v. Emery, 97 U. S. 642, 24 L. Ed. 1035.

Where an affidavit in support of the issuance of a search warrant does not set out facts showing the required probable cause, the motion to suppress evidence seized as a result of the search warrant must be granted.

United States v. Lassoff, 147 Fed. Supp. 944.

The affidavit for the search warrant must state facts known to be true from observation. Courts should not validate writs issued on sworn declaration which literally comply with the terms of the Federal Statute on information and belief or conclusions, instead of positively alleging the material facts.

Ripper v. United States, 178 Fed. 24, 26 (8th Cir.);

Schencks v. United States, 2 F. 2d 185, 186, 187.

The evidence before the Judge or Commissioner who issues the search warrant must be such as would be admissible on trial.

Wagner v. United States, 8 F. 2d 581, 583 (8th Cir.);

Giles v. United States, 284 Fed. 208, 214 (1st Cir.).

The Commissioner must be furnished with facts—not observations, beliefs or surmises.

Veeder v. United States, 252 Fed. 414, 418 (7th Cir.).

When the validity of a warrant was before the Court of Appeals for the First Circuit in *Giles v. United States*, 284 Fed. 208, the Court said that the affidavit should have affirmatively appeared that the affiant had personal knowledge of facts competent for a jury to consider, and the facts, and not his conclusion from the facts, should have been before the Commissioner.

Lockname v. United States, 2 F. 2d 427, 428 (9th Cir.);

Kohler v. United States, 9 F. 2d 23, 25 (9th Cir.).

A search warrant could issue only upon evidence which could be competent in a trial before a jury and of such a nature to lead a man of prudence and caution to believe that the offense had been committed.

Grau v. United States, 287 U. S. 124, 128.

Sworn general statements set forth in the affidavit are not sufficient to warrant a judicial finding of probable cause for the issuance of a search warrant, and therefore the warrant is void.

United States v. Lassoff, 147 Fed. Supp. 944, 949.

II.

The Evidence Was Not Sufficient to Establish the Guilt of the Appellant.

Appellee seeks to support the guilty finding on the theory that appellant was a principal (Appellee's Br. p. 8); it then makes the unsupported statement that there was ample evidence upon which to base the trial judge's finding that appellant was engaged in the business of receiving wagers (Appellee's Br. p. 9). The appellee does not state what evidence establishes beyond a reasonable doubt that appellant was engaged in the business of receiving wagers.

It is respectfully urged that the evidence only shows that the appellant picked up pieces of paper, was found in possession of purported bets on horse races and stated he figured the wins and losses for someone else. This does not establish him, beyond a reasonable doubt, as a principal, nor does it establish beyond a reasonable doubt that he wilfully and knowingly failed to register. It is incumbent on the prosecution to establish that the appellant knew he was required to register and pay a tax.

Appellee argues that appellant did not take the witness stand and failed to dispute the facts presented at the trial (Appellee's Br. p. 9). A defendant does not have to prove his innocence. The prosecution must establish the guilt beyond a reasonable doubt. It is not incumbent on a defendant to take the stand and dispute facts when the facts do not establish guilt as required by law.

Appellee refers to the statement of the defendant made to the officers as self-serving declarations (Appellee's Br. p. 9). However, appellee has not cited any authorities to counteract the principle of law that where the prosecution presents as part of its case defendant's statement, the prosecution is bound by that evidence in the absence of proof to the contrary.

People v. Coppla, 100 Cal. App. 2d 766, 769, 224 P. 2d 828;

People v. Griego, 136 Cal. App. 2d 51, 56, 288 P. 2d 175.

The conversation involved herein is that when the appellant was asked what he was doing with the papers he replied that he was just figuring the wins and losses and that he did not need a stamp because he was not a book maker [Tr. of Rec. p. 45]. The Government elected to introduce the evidence of the conversation and therefore it is bound by the conversation, in the absence of proof to the contrary.

III.

The Government Failed to Establish the Necessary Venue.

Appellee (Appellee's Br. p. 10) concedes that the venue of prosecution in this case is where the act of conducting the business of wagering is committed. It then proceeds to make the unsupported statement that there was ample evidence that appellant was engaged in the business of receiving wagers within the Southern District of California. However, appellee does not point out what evi-

dence shows that appellant was engaged in the business within the venue of the Court. The evidence merely established that the appellant was arrested within the venue of the Court and that papers containing purported bets were found in the apartment where he was arrested. The evidence does not show that the purported wagers were received within the venue of the Court, nor does it show that appellant was engaged as a principal in the business of accepting wagers.

Conclusion.

It is respectfully submitted that the judgment of conviction and the order denying appellant's motion for a new trial should be reversed and that the District Court be directed to suppress the evidence seized without a bonafide search warrant.

Respectfully submitted,

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No. 15884

IN THE
United States Court of Appeals
FOR THE NINTH CIRCUIT

ROHR AIRCRAFT CORPORATION and THE FRANKLIN C.
WOLFE COMPANY, INC.,

Appellant,

vs.

RUBBER TECK, INC., RUBBER TECK SALES AND SERVICE CO.,
PAUL A. KARRES, OTTO R. GRASS and JOE P. KERLEY,

Appellees.

RUBBER TECK, INC., RUBBER TECK SALES AND SERVICE CO.,
PAUL A. KARRES, OTTO R. GRASS and JOE P. KERLEY,

Appellants,

vs.

ROHR AIRCRAFT CORPORATION and THE FRANKLIN C.
WOLFE COMPANY, INC.,

Appellees.

Opening Brief for Cross-Appellants, Rubber Teck, Inc.,
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WOLFE COMPANY, INC.,

Appellees.

**Opening Brief for Cross-Appellants, Rubber Teck, Inc.,
et al.**

Introduction.

Plaintiffs brought suit against the defendants for infringement of claim 1 of United States Letters Patent No. 2,396,005, a copy of which appears in the record at page 855. A count for unfair competition was included in the complaint [R. 7].

Defendants asserted in their answer that the patent in suit was invalid, denied infringement, denied the allegations of unfair competition, and presented a counterclaim [R. 26] asserting that the plaintiff, the Franklin C. Wolfe Company, Inc., the exclusive licensee under the patent in suit, was advertising so-called "Gask-O-Seals," "Termin-O-Seals," and one-piece "Lock-O-Seals" as be-

ing patented by the patent in suit and as having a "patent pending," whereas these were not the true facts. They prayed that the complaint be dismissed with costs and that a reasonable attorney's fee be awarded the defendants and that they recover from the plaintiffs the penalty provided in Section 292 of the Patent Act of 1952, 35 U. S. C. 292.

The lower court in a memorandum opinion [R. 31] held the construction defined by claim 1 of the patent in suit to lack invention [R. 35]; that there was no infringement [R. 34-35], and that there was no unfair competition [R. 36]. The lower court also held that

"No merit is found in defendants' counter-claim
* * *" [R. 36]

and that

"* * * the Court is not of the opinion that this is a case justifying the award of attorney fees" [R. 36].

Appropriate findings of fact, conclusions of law and judgment were entered accordingly [R. 37].

It is from the failure of the lower court to find merit in defendants' counterclaim and from the failure of the lower court to award attorney's fees to the defendants that this cross-appeal was filed.

Section 292 of 35 U. S. C. provides in part:

"Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article, the word 'patent' or any word or number importing that the same is patented, for the purpose of deceiving the public; or

"Whoever marks upon, or affixes to, or uses in advertising in connection with any article, the words

‘patent applied for,’ ‘patent pending,’ or any word importing that an application for patent has been made, when no application for patent has been made, or if made, is not pending, for the purpose of deceiving the public—

“Shall be fined not more than \$500 for every such offense.

“(b) Any person may sue for the penalty, in which event one-half shall go to the person suing and the other to the use of the United States.” (Italics supplied.)

Section 285 of 35 U. S. C. provides:

“§285. ATTORNEY FEES.

“The court in exceptional cases may award reasonable attorney fees to the prevailing party.”

Jurisdiction.

The lower court has jurisdiction of both aspects of the case on which this cross-appeal has been filed because both matters arise under the Patent Laws, 28 U. S. C. 1338(a). The Court has jurisdiction of this cross-appeal under 28 U. S. C. 1291.

Points of Defendants’ Cross-Appeal.

The points relied upon by defendants, cross-appellants, in prosecuting their cross-appeal are as follows [R. 822]:

“1.

“The Court erred in holding that there is no merit in defendants’ counterclaim.

“2.

“The Court erred in refusing to require plaintiffs to comply with demand made by defendants’ counsel to produce copies of their application which would

have justified their use of the words 'other patents pending' in plaintiffs' advertising literature.

"3.

"The Court erred in failing to grant defendants' counterclaim under the provisions of 35 USCA 292.

"4.

"The Court erred in refusing to afford defendants an opportunity to make an appropriate application for the allowance of attorney's fees.

"5.

"There was an abuse of discretion on the part of the Court in denying defendants' prayer for attorney's fees without affording defendants an opportunity to present facts and circumstances justifying their award."

Allegations and Proofs as to False Marking.

In paragraph 20 [R. 27] of defendants' counterclaim it is alleged that plaintiff, The Franklin C. Wolfe Company, Inc.

"* * * used in advertising in connection with so-called Gask-O-Seals the statement 'Patent No. 2,396,005' importing that the same is patented for the purpose of deceiving the public, * * *"

whereas the patent in suit does not cover the "Gask-O-Seal."

In paragraph 21, the allegation is made that The Franklin C. Wolfe Company, Inc.

"* * * used in advertising in connection with the unpatented so-called 'Termin-O-Seals' the statement 'Patent No. 2,396,000' importing that the same was patented for the purpose of deceiving the public"

whereas, the "Termin-O-Seals" are not patented and are not covered by said Patent No. 2,396,000.

In paragraph 22 [R. 28], it is alleged, The Franklin C. Wolfe Company, Inc.

“* * * used in advertising in connection with so-called one-piece ‘Lock-O-Seals’ the statement ‘Patent No. 2,396,005’ importing that the same is patented for the purpose of deceiving the public,”

whereas the one-piece “Lock-O-Seals” are not covered by said Patent No. 2,396,005.

In paragraph 23 [R. 28], it is alleged that The Franklin C. Wolfe Company, Inc.

“* * * used in advertising in connection with its ‘Termin-O-Seals’ and one-piece ‘Lock-O-Seals’ the statement ‘Patents Pending’ or words importing that an application for patent had been made thereon, whereas upon information and belief no application for patent had been made on either of said devices, or if made was not pending at the time such advertising was published; that these statements were made in such advertising for the purpose of deceiving the public.”

All of the foregoing allegations are established by Exhibit 15 transmitted as a physical exhibit. Furthermore, The Franklin C. Wolfe Company, Inc. has persisted in making similar representations in its 1955 and 1956 advertising [see Ex. 109].

In the plaintiffs’ reply to defendants’ counterclaim [R. 29] the plaintiff, The Franklin C. Wolfe Company, Inc., “admits that the words and numerals ‘Patent No. 2,396,005’ have appeared in advertising copy for plaintiffs’ product ‘Gask-O-Seal’ as part of a general patent legend and admits that the patent does not cover the construction of the ‘Gask-O-Seal’” [R. 30].

A similar admission is made in paragraph 3 of the reply with respect to the advertising copy on "Termin-O-Seals."

In paragraph 4, plaintiffs admit that the patent number of the patent in suit has appeared on advertising copy for the one-piece "Lock-O-Seals" and in paragraph 5, admit that the words "Patents Pending" have been used on advertising copy for plaintiffs' products "Termin-O-Seals" and one-piece "Lock-O-Seals."

The allegation made in defendants' counterclaim in paragraph 18 [R. 27] is that all of the acts of The Franklin C. Wolfe Company, Inc. complained of with respect to false marking were

"committed within the Judicial District of the Southern District of California."

The truth of this allegation is admitted in paragraph 1 of plaintiffs' reply [R. 29].

The situation therefore is reduced to this:

The plaintiffs admit using in advertising the number of the patent in suit on articles which are not covered by the patent in suit, and the only question remaining is whether or not the display of the patent number and the display of the statement "Patents Pending" was done *for the purpose of deceiving the public*. We submit that it was done for this purpose as displayed in Exhibit 15 and in Exhibit 109.

Usually, the display as it appears in the advertising reads in its entirety as follows:

"One of the Lock-O-Seal family
"Patent No. 2,396,005
"Other patents pending"

With respect to the display of "Patent No. 2,396,005" there are two possible interpretations that the public can make of the statement. These are:

(1) That the entire "Lock-O-Seal" family, including "Termin-O-Seals," "Gask-O-Seals," "Riv-O-Seals," one-piece "Lock-O-Seals," two-piece "Lock-O-Seals" and others is patented by Patent No. 2,396,005.

(2) That the "Gask-O-Seals," "Termin-O-Seals," one-piece "Lock-O-Seals," and other sealing devices manufactured and sold by the plaintiff, Franklin C. Wolfe Company, all belong to the Lock-O-Seal family but are covered by individual patents which in the case of each, is Patent No. 2,396,005.

Either interpretation would be erroneous, and The Franklin C. Wolfe Company, Inc. by its persistence in this type of advertising long after the counterclaim in this case was filed seems to take the position of "Let the public deceive itself—we will do nothing to clarify the situation." Manifestly, if the public is misled into believing that the entire "Lock-O-Seal" family is covered by the patent in suit or that "Gask-O-Seals," "Termin-O-Seals," or one-piece "Lock-O-Seals" are individually covered thereby The Franklin C. Wolfe Company, Inc. will have its competition with respect to "Gask-O-Seals," "Termin-O-Seals," "Bolt-O-Seals," and one-piece "Lock-O-Seals" materially reduced.

It is true that the burden of proof in establishing that plaintiffs' advertising was for the purpose of deceiving the public falls upon the defendants, counter-claimants and cross-appellants. However, as intent is a state of mind, it can only be proved by the display made in the adver-

tising itself and by the persistence in the advertising even after its unfair nature is called to the attention of The Franklin C. Wolfe Company, Inc. by the filing of the counterclaim.

In *Alliphant v. Salem Flouring Mills*, 18 Fed. Cas. No. 10486, page 647, it was said:

“But the word ‘patent’ upon an article is prima facie an assertion that it has some peculiar value or merit sufficient to induce the government, upon a thorough examination of the subject, to give the inventor the exclusive right to make and vend the same. The impression which the fact ordinarily makes upon the mind is, that the article marked ‘patent’ is in some respects more useful or desirable than articles of the same general kind or use which are not so marked. If then a person marks an unpatented article with the word ‘patent,’ the public are thereby liable to be deceived as to the character and value of the article. The act is a species of counterfeiting. *This being so, the presumption is, until the contrary appears, that the mark was placed on the article with the intention to deceive.* The falsehood is a badge of fraud.” (Emphasis added.)

Likewise here, when the legend is displayed on advertising of “Gask-O-Seals,” “Termin-O-Seals,” and one-piece “Lock-O-Seals,” the impression sought to be conveyed to the public is that the Government represented by the United States Patent Office, has made a thorough examination of the designs of these seals and has given to the designer of these seals the exclusive right to make and vend the same and that these seals are in some respects more useful or more desirable than articles of the same general character which are not marked “Patented.” The fact is, that the Government represented

by the United States Patent Office has never seen the "Gask-O-Seals," or the "Termin-O-Seals" or the one-piece "Lock-O-Seals" and has never placed its stamp of approval thereon in granting the patent in suit.

In *London v. E. H. Dunbar Corp.*, 179 Fed. 506, 510 (C. C. A. 1), the Court said:

"Where the article marked is obviously very remote from the patent referred to in justification of the marking, *this difference alone may be sufficient to show an intention to deceive*, but where the difference is slight, and the question of the breadth of the invention or of the claims is so close as to permit of an honest difference of opinion, then it may be necessary for the plaintiff to adduce testimony additional to the fact that the article is unpatented, in order to show guilty knowledge as distinguished from erroneous opinion." (Emphasis added.)

In the present situation, claim 1 of the patent in suit is drawn to a metal washer within which there is a rubber O-ring whose cross-sectional diameter is slightly greater than the thickness of the washer so that when positioned around a bolt or similar fastener, the rubber O-ring will be deformed or squashed into sealing engagement with surrounding metal surfaces. The design of the "Gask-O-Seal" is radically different. It consists of a flat metal plate-like gasket on opposite faces of which there are annular grooves containing more or less W-shaped rubber rings. The "Termin-O-Seal" likewise differs radically from the patent in suit having a tubular extension extending upwardly from the rubber ring. These differences alone should be sufficient to show an intention to deceive.

In *Calderwood v. Mansfield*, 71 Fed. Supp. 480, 482, the Court said:

“Obviously the statutory object is to penalize those who palm off upon the public unpatented articles by falsely and fraudulently representing them to have been patented.”

With respect to the statement made in the advertising “Other patents pending” attention is invited to the fact that the use of the term “Patents Pending” or the equivalent thereof is an innovation in the law included in Section 292 of the 1952 Patent Act but not included in the previous statute, R. S. 4901. Under 35 U. S. C. 122 applications for patents are kept in confidence by the Patent Office and no information concerning the same is given without authority of the applicant or owners unless necessary to carry out the provisions of an Act of Congress or special circumstances as may be determined by the Commissioner. However, Section 292 imposes a penalty for mismarking articles “Patent Applied For” or “Patent Pending.” It certainly could not have been the intention of Congress to have enacted this innovation in the law and at the same time make it incapable of proof because of the secrecy imposed by Section 122.

During the course of this trial a demand was made on the plaintiffs for the production of their application for a patent on their one-piece “Lock-O-Seal” which was refused by the Court [R. 557]. We think that this was error on the part of the Court and that the Court should have required the plaintiffs to produce their applications on their various sealing devices identified in their advertising with the legend “Other patents pending,” or, in the alternative, confess that they had no applications pending thereon.

Attorney's Fees.

The last paragraph of the brief filed on behalf of the defendants in the lower court reads as follows:

"It is urged that judgment be entered for the defendants and that *an opportunity be granted for the defendants to make an appropriate application for the allowance of attorney's fees.*" (Emphasis added.)

The lower court summarily dismissed this request for an opportunity to make an appropriate application for the allowance of attorney's fees in its memorandum opinion [R. 36]. Had such an opportunity been granted the defendants would have shown that on September 21, 1954, following receipt by defendant, Rubber Teck, of a notice of infringement of the patent in suit, Fred H. Miller representing the defendants, wrote to Robert W. Fulwider, representing the plaintiffs, as follows:

"In accordance with my telephone conversation with you today, I am transmitting to you herewith copies of prior art developed in the validity search of the Gross Patent No. 2,396,005.

"To facilitate your investigation of the question, as I see it, I am quite convinced that Rubber Tek (*sic*) does not infringe Claim 2 of this patent, which includes as one of its limitations the standard washer.

"As to Claim 1, insofar as the structure of this claim is concerned, I believe that the claim reads directly on Fig. 5 of the Hart patent No. 67,539. The only criticism that could be directed against the Hart patent is that that patent is a lock washer rather than a sealing means. However, this deficiency, in my opinion, would be overcome by the presence in the prior art of the British Patent No. 537,654, which shows in Fig. 5 a relatively thin metallic washer 8

and a thicker rubber ring inside of it, 7, which is squashed to form a seal, as illustrated in Fig. 3.

“The other patents transmitted herewith may prove of interest.”

Transmitted with the letter were copies of the patents specifically mentioned therein and also copies of additional prior patents including the Seligman patent [R. 945].

When plaintiffs instituted this suit on May 26, 1955, nearly eight months later, they did so with full knowledge of the fact that the prior art relied upon by the defendants was in existence, that much of this prior art was closer than the prior art cited by the Examiner during the prosecution of the application of the patent in suit, and that in view thereof, claim 1 of the patent in suit was of extremely doubtful validity. Plaintiffs, nevertheless, persisted in bringing this suit against the defendants.

Not only was the suit instituted against Rubber Teck, Inc., the manufacturer of the infringing article, but also its officers, Paul A. Karres and Otto R. Grass, and the former Officer, Joe P. Kerley. Joe P. Kerley, however, had severed his entire connection with the defendant, Rubber Teck, Inc., in July 1954 [R. 300], and prior to his leaving the company there was no commercial production of the “Duoseals” which are alleged to infringe [R. 300]. Joe P. Kerley was named as a joint defendant primarily for the purpose of taking an exhaustive discovery deposition of Mr. Kerley under Rule 43(b),

and for no other apparent purpose, because it is manifest that even if plaintiffs had been successful, Mr. Kerley's participation as an officer of the company in merely making experimental models, could at the most only have resulted in nominal damages against him. However, as Mr. Kerley had left the company before commercial production of the alleged infringements took place, his interests in this litigation were somewhat different from those of the remaining defendants, and Mr. Kerley consequently employed his own attorney, Alfred D. Williams, Esq. [R. 55] to protect his interests during the trial.

We believe that this case presents an unusual situation. It is not a situation wherein a plaintiff, believing that he has a valid patent institutes suit and then is advised by the answer or other notice that his patent is of doubtful validity. In the present case, the plaintiffs were advised *long before* instituting suit of strong available defenses to the patent in suit. They nevertheless proceeded to institute suit at a great expense to all of the defendants, including Mr. Kerley, who had not actively participated in the production of any commercial article alleged to be an infringement. Plaintiffs should be regarded as proceeding under these circumstances at their own peril, and to summarily refuse the allowance of attorney's fees without even affording the defendants opportunity to be heard as to the propriety of granting attorney's fees, we believe to be an abuse of discretion.

Conclusion.

For the foregoing reasons, we respectfully urge that the plaintiff, The Franklin C. Wolfe Company, Inc. be found guilty of misadvertising contrary to the provisions of 35 U. S. C. 292.

We also urge that the defendants be allowed a reasonable attorney's fee, not only for what was done in the Lower Court, but in conducting the proceedings before this Court with respect to the defense of the plaintiff's appeal and the prosecution of this cross-appeal.

Respectfully submitted,

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STANLEY A. PHIPPS,

Attorneys for Appellees and Cross-Appellants.

ALFRED D. WILLIAMS,

Attorney for Joe P. Kerley, individually.

No. 15885.

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

CHARLES H. RUTHERFORD,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

PETITION FOR REHEARING BY APPELLANT
AND REQUEST FOR HEARING EN BANC.

FILED

FEB 26 1959

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No. 15885.
IN THE
United States Court of Appeals
FOR THE NINTH CIRCUIT

CHARLES H. RUTHERFORD,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

**PETITION FOR REHEARING BY APPELLANT
AND REQUEST FOR HEARING EN BANC.**

Statement of Case.

The above-entitled Court, on January 28, 1959, affirmed the trial court's conviction of your appellant of wilfully and knowingly failing to register and to pay the occupational tax required by Sections 4411 and 4412 of the Internal Revenue Code of 1954, in violation of Section 7203, Title 26, United States Code.

Grounds for Rehearing.

A rehearing should be granted herein and the decision vacated for

I.

The Decision Is Contrary to Law.

**A. The Motion to Suppress Evidence Should Have Been
Granted.**

**B. The Prosecution Was Bound by Its Evidence of
Defendant's Conversation.**

II.

The Evidence Does Not Support the Conviction.

- A. The Prosecution Did Not Establish That Defendant Was Required to Register and Pay a Wagering Occupational Tax.
- B. There Was No Showing of "Wilfully and Knowingly."
- C. Venue Was Not Established.

ARGUMENT.

I.

The Decision Is Contrary to Law.

- A. The Motion to Suppress Evidence Should Have Been Granted.

The Court, in commenting on the authorities cited by appellant in support of his contention that the search warrant was improperly issued and the motion to suppress evidence should have been granted, cites the case of *Brinegar v. United States*, 338 U. S. 160, 93 L. Ed. 1879, on page 8 of the Court's opinion.

The Court states that the *Brinegar* case explains or disapproves former cases relied upon by appellant.

However, with all due deference to the Court, it must be pointed out that there is no conflict between the law of the *Brinegar* case and the authorities cited by appellant.

The facts make the decisions; and the facts in the *Brinegar* case show unmistakably that the officers had a right to make the arrest and make the search as incidental to the arrest.

The facts in the *Brinegar* case were:

1. The officers had previously arrested the defendant five months before.

2. They had seen him transporting liquor on two previous occasions.

3. The automobile was heavily loaded.

4. When the officers took out after the defendant he picked up speed.

5. One case of liquor was visible on the seat of the defendant's automobile from the outside.

6. The defendant admitted having twelve cases of liquor.

7. The automobile was searched after all of the foregoing events.

These facts were noted on pages 162-163 of the *Brinegar* case.

The Court in the *Brinegar* case held that the knowledge of the officers that the defendant was engaged in an unlawful business was not based wholly or largely on surmise and hearsay. The facts were derived from personal observation and were sufficient. (P. 172 of the *Brinegar* case.)

In short, the guilt of the defendant in the *Brinegar* case was clear before a search was made.

The facts in the instant case, on the other hand, show that the search warrant was issued on the basis of surmise and hearsay, without personal knowledge that the appellant was engaging in an unlawful business. Instances of this surmise, hearsay and remoteness are:

1. Deputy Sheriff Fowler observed and heard one of his confidential informants dial a certain telephone number and place a bet on a horse race; the address of the place to which was assigned the number dialed by the informant was one where Howard Lee Cupp was observed leaving.

(This address was not connected in any way with the defendant.)

2. Deputy Sheriff Fowler cited the records of the Los Angeles County Sheriff's Office pertaining to previous convictions of the defendant. These were gambling in 1938, 1949 and 1955; and bookmaking in 1946 and another occasion, the date not being given.

3. Deputy Sheriff Fowler stated that the appellant has a reputation as a bookmaker.

4. Deputy Sheriff Fowler stated the appellant is the son of Mark Rutherford, a known notorious bookmaker, and the appellant has taken over his father's business.

5. Deputy Sheriff Bublitz stated that the appellant is a notorious bookmaker.

6. Deputy Sheriff Bublitz stated that Monica Kissell has the reputation as a girl-friend of the appellant.

7. Deputy Sheriff Bublitz stated that Rutherford's *modus operandi* consists of operating a "relay-back office" operation in which the better never has contact with the actual bookie.

8. Deputy Sheriff Bublitz stated that Earl Maltby said that he was accepting wagers on behalf of a person known to him only as "C. H."

9. Deputy Sheriff Bublitz stated that the appellant is a notorious bookmaker.

10. Agent Katayama stated he was advised the appellant was conducting large-scale bookmaking activities. [Tr. of Rec., pp. 26-33.]

These affidavits in support of the search warrant demonstrate that the material does not comply with the judicial rulings on this subject.

No search warrant shall issue except upon probable cause supported by oath or affirmation.

United States Constitution, Fourth Amendment.

Probable cause means a reasonable ground of suspicion, supported by circumstances sufficiently strong in themselves to warrant a cautious man in the belief that the party is guilty of the offense with which he is charged.

Stacey v. Emery, 97 U. S. 642, 24 L. Ed. 1035.

Where an affidavit in support of the issuance of a search warrant does not set out facts showing the required probable cause, the motion to suppress evidence seized as a result of the search warrant must be granted.

*United States v. Lasso*ff, 147 Fed. Supp. 944.

The affidavit for the search warrant must state facts known to be true from observation. Courts should not validate writs issued on sworn declaration which literally comply with the terms of the Federal Statute on information and belief or conclusions, instead of positively alleging the material facts.

Ripper v. United States (8th Cir.), 178 Fed. 24, 26;

Schencks v. United States, 2 F. 2d 185, 186, 187.

The evidence before the Judge or Commissioner who issues the search warrant must be such as would be admissible on trial.

Wagner v. United States (8th Cir.), 8 F. 2d 581, 583;

Giles v. United States (1st Cir.), 284 Fed. 208, 214.

The Commissioner must be furnished with facts—not observations, beliefs or surmises.

Veeder v. United States (7th Cir.), 252 Fed. 414, 418.

When the validity of a warrant was before the Court of Appeals for the First Circuit in *Giles v. United States*, 284 Fed. 208, the Court said that the affidavit should have affirmatively appeared that the affiant had personal knowledge of facts competent for a jury to consider, and the facts, and not his conclusion from the facts, should have been before the Commissioner.

Lockname v. United States (9th Cir.), 2 F. 2d 427, 428;

Kohler v. United States (9th Cir.), 9 F. 2d 23, 25.

A search warrant could issue only upon evidence which could be competent in a trial before a jury and of such a nature to lead a man of prudence and caution to believe that the offense had been committed.

Grau v. United States, 287 U. S. 124, 128.

Sworn general statements set forth in the affidavit are not sufficient to warrant a judicial finding of probable cause for the issuance of a search warrant, and therefore the warrant is void.

United States v. Lassoff, 147 Fed. Supp. 944, 949.

There is no conflict between these authorities and the *Brinegar* case, as far as the law itself is concerned. It is the facts that must be considered.

B. The Prosecution Was Bound by Its Evidence of Defendant's Conversation.

The Court, in affirming the conviction, makes no comment on petitioner's contention that where the prosecution presents as part of its case a defendant's statement, the prosecution is bound by that evidence in absence of proof to the contrary.

People v. Coppla, 100 Cal. App. 2d 766, 769, 224 P. 2d 828;

People v. Griego, 136 Cal. App. 2d 51, 56, 288 P. 2d 175.

The Government saw fit to introduce evidence of a conversation with the appellant that when the appellant was asked what he was doing with the papers he replied that he was just figuring the wins and losses and that he did not need a stamp because he was not a bookmaker. [Tr. of Rec., p. 45.]

This evidence, which binds the prosecution, negates the contention of the prosecution that the acts of the appellant were done wilfully and knowingly. In the absence of a showing that the defendant had knowledge that he was required to register, the conviction must fall.

II.

The Evidence Does Not Support the Conviction.

A. The Prosecution Did Not Establish That Defendant Was Required to Register and Pay a Wagering Occupational Tax.

The Court in its opinion affirming the conviction (p. 9) states:

"There was before the Court a great mass of evidence of repeated transactions of appellant personally receiving from one or more persons at the North

Burris apartment in Compton, which apartment was not appellant's residence, and of his making up or using betting markers, scratch sheets and owe sheets, and of determining the amounts of wins and losses, thus furnishing indispensable final information to him or his agent for use in final pay offs."

It is apparent that there must be some confusion or misunderstanding of the facts of the instant case. There is absolutely no evidence whatsoever of the appellant personally receiving from one or more persons at the North Burris apartment in Compton any transactions. No bets of any kind were received at the North Burris Apartment. Nothing was received by the appellant at the North Burris apartment.

In view of this obvious misstatement of facts in the Court's Opinion, a rehearing should be granted so that the decision of the Court can be based on the evidence and the facts presented.

The Court in its Opinion (p. 9) jumps to a conclusion that "determining the amounts of wins and losses" furnishes indispensable final information to the appellant or his agent for use in final pay offs. However, the uncontroverted evidence is that the appellant was figuring the wins and losses and that Swede would come around and pick them up. [Tr. of Rec., p. 45.] Therefore, the computations were not being made for the appellant or his agent, but for the appellant's superior.

Under the case of *United States v. Calamaro*, 354 U. S. 351, a pick-up man is not required to register and pay an occupational tax.

The *Calamaro* case, on pages 355 and 357 of the decision, holds that Congress did not choose to subject all employees of gambling enterprises to the tax and reporting

requirements, but was content to impose them on persons actually "engaged in receiving wagers"; and that the occupational tax does not apply to a pick-up man.

B. There Was No Showing of "Wilfully and Knowingly."

It is significant that the prosecution saw fit to charge the appellant with wilfully and knowingly failing to register and to pay the tax, in violation of Section 7203, Title 26, United States Code. [Tr. of Rec., pp. 3-4.]

It did not charge him with violating Section 7262, Title 26, United States Code, which eliminates the requirement that the acts be done wilfully.

Since the appellant did not know he needed a stamp, because he believed he was not a bookmaker, the evidence falls short of establishing that the acts were done wilfully and knowingly, as charged in the Information.

C. Venue Was Not Established.

The Court in its Opinion (p. 9) holds that the Court can take judicial knowledge that Compton is within the Central Division of the Southern District of California. With this appellant does not quarrel.

Appellant's contention is that the prosecution failed to produce evidence to show that the appellant engaged in the business of accepting wagers within the Central Division of the Southern District of California.

In short, there is no evidence that shows appellant accepted wagers. The evidence merely shows that he picked up slips of paper in an auto park and worked with these papers in an apartment in Compton. The appellant was found in possession of papers which in the opinion of prosecution witnesses constituted betting markers, but this did not establish that the wagers themselves were received

within the Central Division of the Southern District of California, nor does this evidence show that appellant was engaged in the business of accepting wagers within the geographical area involved.

Request for Hearing En Banc.

Because there is an apparent conflict in the decision of this Court with those of other Circuit Courts of the United States and the Supreme Court of the United States, it is respectfully requested and suggested that this case be heard *en banc*.

Dated: February 20, 1959.

Respectfully submitted,

MURRAY M. CHOTINER and

RUSSELL E. PARSONS,

By MURRAY M. CHOTINER,

Attorneys for Appellant Charles H. Rutherford.

Certificate of Counsel.

Murray M. Chotiner, one of counsel for Charles H. Rutherford, does hereby certify that in his judgment the Petition for Rehearing is well founded and is not interposed for delay.

MURRAY M. CHOTINER.

